GOVERNMENT-WIDE
CATEGORY MANAGEMENT

Government-Wide Category Management V2.0 Strategic Plans

FY 2017 Government-Wide Category Management

Version 2.0 Strategic Plans

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FY 2017 Government-Wide Category Strategic Plan

Version 2.0

Facilities & Construction

Mary Ruwwe

November 2016

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1. Approvals and Concurrences

Concurrence of Interagency Team Members:

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Category Team Member

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Category Team Member

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Category Team Member

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Category Team Member

Approval:

Mary Ruwwe

Mary Ruwwe, F&C Category Manager — 11/28/2016 Date

Lesley A. Field

Lesley Field, Acting U.S. Chief Acquisition Officer,
Office of Management and Budget / CMLC Chair — 11/13/2016 Date

2. Executive Summary

The purpose of category management is to drive a fundamental shift from managing purchases and prices individually across thousands of procurement units to managing entire categories of common spend and total cost. The Facilities and Construction Category has been identified as one of the 10 common categories of spend across the federal government. The analysis in Sections 2 and 3 of this plan is based on data extracted from the Federal Procurement Data System – Next Generation (FPDS-NG).

Facilities and Construction can be defined as construction or facilities-related services and materials to support the federal government agencies and their missions. In Fiscal Year (FY) 2014, federal agencies procured approximately $77.2 billion in Facilities and Construction, making it the largest category of common spend that will be managed from the government-wide level. While understanding this massive scale will be critical to the effective management of the Facilities and Construction Category, so too will be a shared and cohesive conception of the scope of the Category and its segmentation.

For government-wide category management, the following five sub-categories are part of this category:

- Construction-Related Materials
- Construction-Related Services
- Facility-Related Materials
- Facility-Related Services
- Facilities Purchase and Lease

These five sub-categories provide enhanced visibility into where federal personnel and monetary resources are being deployed and can display large trends within the category. However, to get to an actionable level of information upon which strategic discussions may be held and solutions may potentially be implemented, these sub-categories must be further segmented into Level III functional groupings. The following 24 functional groupings provide this necessary framework for the category:

- *Sub-Category:* Construction-Related Materials
    - *Functional Grouping:* Heavy Equipment
    - *Functional Grouping:* Temporary Structures
    - *Functional Grouping:* Building Materials
    - *Functional Grouping:* Modification or Installation of Construction Related Materials
    - *Functional Grouping:* Lease or Rental of Construction-Related Materials

- *Sub-Category:* Construction-Related Services
  - *Functional Grouping:* Architect & Engineering
  - *Functional Grouping:* Site Preparation
  - *Functional Grouping:* Construction

- *Sub-Category:* Facilities Purchase and Lease
  - *Functional Grouping:* Purchase of Real Property
  - *Functional Grouping:* Lease or Rental of Real Property

- *Sub-Category:* Facility-Related Materials
  - *Functional Grouping:* Landscaping and Grounds Keeping Maintenance Equipment
  - *Functional Grouping:* HVAC and Plumbing Equipment and Components
  - *Functional Grouping:* Electrical Systems and Components
  - *Functional Grouping:* Paints and Adhesives
  - *Functional Grouping:* Cleaning Equipment and Compounds
  - *Functional Grouping:* Lease or Rental of Facility-Related Materials

- *Sub-Category:* Facility-Related Services
  - *Functional Grouping:* Natural Resources and Conservation
  - *Functional Grouping:* Environmental Systems Protection
  - *Functional Grouping:* Maintenance, Repair, or Installation of Equipment
  - *Functional Grouping:* Operation of Government Facilities
  - *Functional Grouping:* Utilities
  - *Functional Grouping:* Demolition
  - *Functional Grouping:* Facility Support Services – Janitorial, Landscaping, Pest Management, Trash, etc.
  - *Functional Grouping:* Maintenance, Repair, or Alteration of Facilities

Version 1.0 Strategic Plan:

In Version 1.0 of the Strategic Plan, the Facilities & Construction category team focused on three key initiatives under the Facility-Related Services and Construction-Related Services sub-categories, supported by fact-based findings related to spend, agency, market, and contract proliferation insights. First and foremost, these two sub-categories were by far the largest in the category with over $77B in FY14 spend, providing a visible opportunity for significant spend reduction via consolidation through process and cost efficiencies. Secondly, the spend within these sub-categories occurred across multiple federal agencies, both Civilian and DoD, lending itself to potential government-wide solutions. Further analysis revealed that there was an opportunity to leverage existing solutions such as the Building Maintenance and Operations (BMO) strategic sourcing solution, Schedule 03FAC, and USACE Demolition Center of Expertise solutions to provide an opportunity for quick results, since much of the setup work was already complete. There was also an opportunity to address gaps in current government wide acquisition vehicles by creating a government wide solution for repair and renovation. Most of the $6.4B repair and renovation FY14 spend was conducted through stand-alone acquisitions. Finally, independent of the acquisition solutions, the numerous functional groupings in these sub-categories could have been affected by demand management strategies to reduce facilities costs. Such strategies would be made available in the Acquisition Gateway.

Version 2.0 Strategic Plan Initiatives:

The Facilities & Construction strategy team is pursuing the following 11 major initiatives for the version 2.0 strategic plan, which will take place over the course of FY17 – FY19:

- Assess and validate DOE's Government-Owned Contractor-Operated (GOCO) spend as Tier 2 spend under management (SUM). Identify any opportunities for improvement or sharing of best practices.
- Market Huntsville USACE as a government-wide Center of Expertise for Demolition services and develop a new $950M Multiple Award Task Order Contract (MATOC). Assess for Best-in-Class (BIC) designation.
- Utilize demand management strategies to reduce BTU spend.
- Utilize demand management strategies to reduce potable water spend.
- Utilize demand management strategies to reduce GHG emissions cost.
- Continue the growth, utilization, and expansion of government BIC BMO solution.
- Continue the growth, utilization and expansion of Multiple Award Schedules (specifically Schedule 03FAC). Assess for BIC designation.
- Assess and rationalize large scale construction spend as Tier 2 spend under management. Identify any opportunities for improvement or sharing of best practices.
- Create and conduct pilot of Repair & Renovation vehicle, create a business case, and expand the geographic coverage government-wide.
- Increase Acquisition Gateway development through the F&C newsletter, stakeholder agency executive outreach, supplier engagement content and communications, and F&C sub-team meeting materials.

- Develop a comprehensive listing of F&C training requirements, available training solutions, and facilitation in delivering that training to federal personnel.

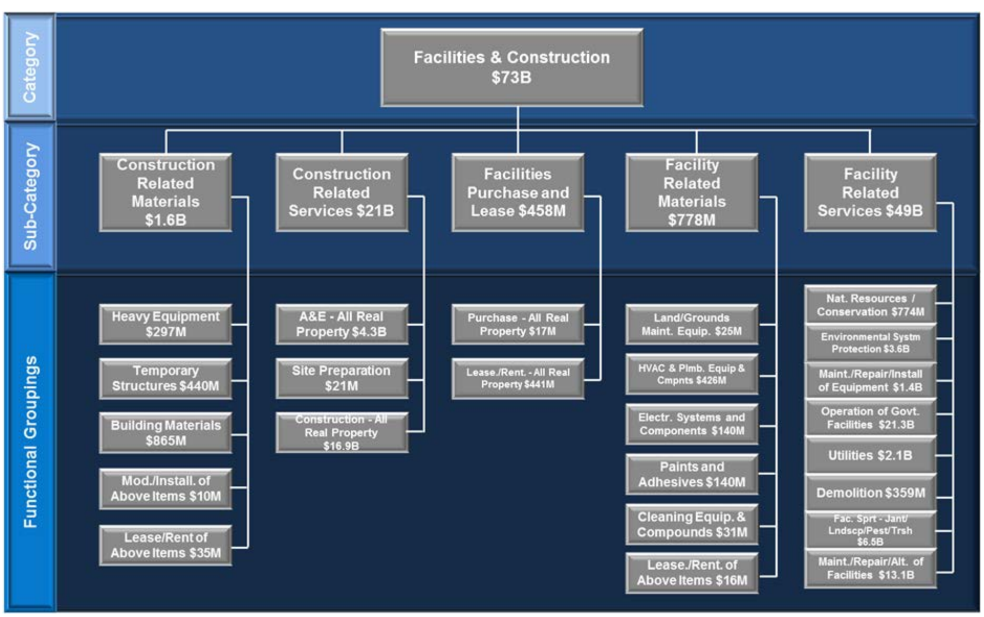
Category Goals and Objectives:

Through the execution of these key initiatives, the Facilities & Construction category plans to drive significant positive change toward the government-wide category management goals. Specifically, by the end of FY19, the initiatives in this strategic plan are projected to increase SUM to $23B, drive $1.903B in annual savings, reduce category contract proliferation by 35%, maintain category small business utilization of 30%, and facilitate 3,600 purposeful visits to the Acquisition Gateway category hallway. In addition to these efforts, the category team will continue to pursue further data collection and conduct research and analysis activities to identify opportunities for increased impact within other areas of large category spend. As further analyses are completed and opportunities quantified, this strategic plan will be updated to reflect the increased impact to the category management KPIs.

3. Spend Analysis

3.1 Category Scope and Highlights

The category spend for Facilities & Construction is summarized below for FY15.



The table below provides a quick snapshot of the overall category including percent, top agency spenders, top vendors, and top PSC codes.

#	Sub-category	% of Cat. Spend	Top 3 Agency Spenders	Top 3 Vendors	Top 3 PSC Codes
1	Construction-Related Materials	2.2%	OSD, Army, Navy	Science Applications International Corporation, Supplycore Inc, Graybar Electric Company Inc	5680 (Miscellaneous Construction Materials), 3805 (Earth Moving and Excavating Equipment), 5430 (Storage Tanks)
2	Construction-Related Services	29.2%	Army, Navy, Department of State	McCarthy Mortenson NBAF, Hensel Phelps Construction Co, Bechtel National, Inc.	Y1JZ (Construction of Miscellaneous Buildings), Y1AA (Construction of Office Buildings), Y1AZ (Construction of Other Administrative Facilities & Service Buildings)
3	Facilities Purchase and Lease	0.6%	OSD, HHS, DOT	CPD Alaska LLC, Agility DGS Logistics Services Company KSC	X1GC (Lease/Rental of Fuel Storage Buildings), X111 (Lease/Rental of Office Buildings), X1AB (Lease/Rental of Conference Space and Facilities)
4	Facility-Related Materials	1.1%	OSD, Army, Navy	Lighthouse for the Blind Inc, DRS Environmental Systems, Miscellaneous Foreign Awardees	8010 (Paints, Dopes, Varnishes, and Related Products), 4120 (Air Conditioning Equipment), 4610 (Water Purification Equipment)
5	Facility-Related Services	66.9%	DOE, Army, Navy	Sandia Corporation, Los Alamos National Security LLC, Consolidated Nuclear Security LLC	M181 (Operation of Government R&D GOCO Facilities), S216 (Housekeeping – Facilities Operations Support), F999 (Other Environmental Services)

The small business trend for this category is contained in the table below and based on numbers in FPDS on 9/1/2016.

Fiscal Year	Percent
FY12	28.9%
FY13	28.3%
FY14	30.4%
FY15	29.2%

3.2 Baseline

The spend baseline for this category was done using FY15 data (based on FPDS data as of 7/15/16).

Sub Category	FY15 Spend Baseline
Construction-Related Materials	$1.61B
Construction-Related Services	$21.25B
Facilities Purchase and Lease	$0.46B
Facility-Related Materials	$0.81B
Facility-Related Services	$48.76B
FY15 Category Total	**$72.89B**

4. KPIs

4.1 Program Targets

The following tables contain the high-level KPIs, initiative milestones, and individually focused initiative KPIs for the Facilities & Construction Category. These initiatives focus on two of the five sub-categories within the category, and have incorporated the original Version 1.0 areas of focus, the BMO expansion and Repair & Renovation vehicle within the Facility-Related Services and Construction-Related Services Sub-Categories.

Summary of KPIs

CAP Goal Metric	Initial Baseline FY15	FY16 Goal	FY17 Goal	FY18 Goal	FY19 Goal
Achieve Savings (cumulative)	2003 DOE/OMB Utility Usage Baselines	$650K	$815.625M	$1.359B ($2.17B)	$1.903B ($4.08B)
Increase SUM	$72.5B overall category spend	$13M	$10.875B (15% of FY15 overall category spend)	$18.125B (25% of FY15 overall category spend)	$23B (32% of FY15 overall category spend)
Reduce Contract Duplication	38,888 Contracts 89,979 Standalone Orders	38,888 Contracts 89,979 Standalone Orders	34,999 Contracts 80,981 Standalone Orders (10% reduction in FY15 Baseline contract count)	31,110 Contracts 71,983 Standalone Orders (20% reduction in FY15 Baseline contract count)	25,227 Contracts 58,486 Standalone Orders (35% reduction in FY15 Baseline contract count)
Small Business Utilization	30% overall category Small Business Utilization	55% of Small Business Utilization through BMO in Zone 1	30% (FY15 baseline)	30% (FY15 baseline)	30% (FY15 baseline)
Increase Acquisition Gateway Usage	N/A	100 Purposeful Visits/month	1200 Purposeful Visits	2400 Purposeful Visits	3600 Purposeful Visits

Summary of Initiatives

#	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
1	• Validate policies, strategies, and processes governing GOCO as Tier 2 SUM	• Conduct meetings with DOE leadership to understand the current GOCO acquisition strategy and rationalize as Tier 2 spend (if applicable) • Identify and share best practices across agencies	• Validation completed in FY17 • Continue to identify and share best practices	• Validation completed in FY17 • Continue to identify and share best practices
2	• Market Huntsville USACE as gov-wide Center of Expertise for Demo services and develop new $950M Multiple Award Task Order Contract (MATOC) for Demo services. Assess for Best-in-Class (BIC) designation.	• Assess for BIC designation • Develop gov-wide ad campaigns for the USACE Center of Expertise • Run gov-wide ad campaigns for the USACE Center of Expertise • Begin development of new Demo MATOC	• Analyze agency usage of HCE Demo services • Refine and continue ad campaigns • Continue development of Demo MATOC	• Analyze agency usage of HCE Demo services • Refine and continue ad campaigns • Award new Demo MATOC
3	• Utilize demand management strategies to reduce BTU spend	• Utilize OMB/DOE data to quantify achieved savings • Identify and share agency best practices leading to savings	• Continue to identify and share agency best practices leading to savings	• Continue to identify and share agency best practices leading to savings
4	• Utilize demand management strategies to reduce Potable Water spend.	• Implementation to be measured FY18	• Utilize OMB/DOE data to quantify achieved savings • Identify and share agency best practices leading to savings	• Continue to identify and share agency best practices leading to savings

#	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
5	• Utilize demand management strategies to reduce GHG Emissions cost.	• Implementation to be measured FY18	• Utilize OMB/DOE data to quantify achieved savings • Identify and share agency best practices leading to savings	• Continue to identify and share agency best practices leading to savings
6	• Continue the growth, utilization, and expansion of government-wide Best-In-Class BMO Solution.	• Complete collection of top 100 recurring requirements • Development and implement ongoing monitoring and outreach process to top 100 requirements	• Continued monitoring and outreach to top 100 recurring requirements	• Continued monitoring and outreach to top 100 recurring requirements
7	• Continue the growth, utilization, and expansion of F&C Multiple Award Schedules (MAS) solutions. Assess MAS solutions for Best-in-Class designation.	• Complete collection of top 100 recurring requirements • Development and implement ongoing monitoring and outreach process to top 100 requirements • Assess MAS solutions for BIC consideration	• Continued monitoring and outreach to top 100 recurring requirements • Assess other F&C MAS solutions for BIC consideration	• Continued monitoring and outreach to top 100 recurring requirements
8	• Validate policies, strategies, and processes governing large-scale construction spend of largest land-owning agencies as tier 2 SUM.	• Implementation to be measured FY18	• Conduct meetings with key senior managers in federal large scale construction to understand the current acquisition strategy for large scale construction and validate as Tier 2 spend (if applicable)	• Validation completed in FY18
9	• Create/conduct pilot of Repair & Reno-vation vehicle, create business case, and expand geo-graphic coverage gov-wide.	• Finalize 5-10 pilot areas • Develop initial contracts • Solicit for 1 pilot 4rth quarter	• Continue contract development • Award remaining pilot areas • Collect and incorporate lessons-learned	• Collect and incorporate lessons-learned • Market JOC/SABER solutions gov-wide

#	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
10	• Increase Acquisition Gateway development	• Develop and distribute the F&C newsletter • Develop implementation plan for stakeholder agency executive outreach • Develop supplier engagement content and communications • Distribute F&C sub-team meeting materials to all agency stakeholders and post on Gateway to drive traffic	• Refine F&C newsletter • Refine implementation plan for stakeholder agency executive outreach • Refine supplier engagement content and communications • Distribute F&C sub-team meeting materials to all agency stakeholders and post on Gateway to drive traffic	• Refine F&C newsletter • Refine implementation plan for stakeholder agency executive outreach • Refine supplier engagement content and communications • Distribute F&C sub-team meeting materials to all agency stakeholders and post on Gateway to drive traffic
11	• Develop a comprehensive listing of F&C training requirements, available training solutions, and facilitation in delivering that training to federal personnel	• Populate Acquisition Gateway F&C training solutions • Market available training solutions government-wide	• Market available training solutions government-wide	• Market available training solutions government-wide

KPIs and Targets

#	KPI	Contributing Activities	Planned Contribution by Fiscal Year		
			FY17	FY18	FY19
1	Achieve Savings	Reduce BTU Spend	$815.625M	$891.4M	$891.4M
		Reduce Potable Water Spend	$0	$130.1M	$130.1M
		Reduce GHG Emissions Cost	$0	$334.2M	$334.2M
		Validate DOE GOCO Savings	$0	$3.3M*	$329.3M*
		Total**	**$815.625M**	**$1.359B**	**$1.903B**
2	Increase SUM	Validate policies, strategies, and processes governing GOCO as Tier 2 SUM	$10.875B	$15B	$15B
		Validate policies, strategies, and processes governing large-scale construction spend as Tier 2 SUM	$0	$3.125B	$7B
		Provide gov-wide access to Tier 2 and 3, F&C promoted solutions such as the BMO FSSI, R&R, and Multiple Award Schedules	$0	$0	$1B
		Total	**$10.875B**	**$18.125B**	**$23B*****
3	Reduce Contract Duplication	Increase Schedule 03FAC Usage	3,871 actions above micro-purchase threshold	4,065 actions above micro-purchase threshold	4,268 actions above micro-purchase threshold
		Increase BMO Usage	938 actions above micro-purchase threshold	1,339 actions above micro-purchase threshold	1,875 actions above micro-purchase threshold
		Provide a Repair & Renovation Solution	TBD	TBD	TBD

#	KPI	Contributing Activities	Planned Contribution by Fiscal Year		
			FY17	**FY18**	**FY19**
		Total (Category-wide)	**34,999 Contracts 80,981 Standalone Orders**	**31,110 Contracts 71,983 Standalone Orders**	**25,227 Contracts 58,486 Standalone Orders**
4	Small Business Utilization	BMO	Meet or exceed current SB utilization in each zone	Meet or exceed current SB utilization in each zone	Meet or exceed current SB utilization in each zone
		Repair & Renovation Solution	100% set-aside	100% set-aside	100% set-aside
		Total (Category-wide)	**30%**	**30%**	**30%**
5	Increase Acquisition Gateway Usage	Publish and distribute quarterly F&C Newsletter	Quarterly	Quarterly	Quarterly
		Publish and post F&C Leadership Meeting Notes & Materials	Monthly	Monthly	Monthly
		Publish and Post F&C Sub-team Meeting Notes & Materials	Varies	Varies	Varies
		Conduct Key stakeholder Executive Outreach	Quarterly	Quarterly	Quarterly
		Update and Post Supplier Engagement Content, and Communication Strategies	Monthly	Monthly	Monthly
		Total	1,200 Purposeful Visits	2,400 Purposeful Visits	3,600 Purposeful Visits

* Based on the amount of spend affected, the F&C Category believes the projection of DOE GOCO savings is a conservative estimate. Higher accuracy estimates may be available after completing a more thorough analysis of those contracts.

** Additional category initiatives exist that will generate savings; however, any initiative generating less than $100M in savings has been excluded from this chart.

*** The FY19 SUM projection of $23B is $2.375B lower than the CAP KPI goal using a proportionate allocation of $25.375B. In FY17 and FY18, the F&C Category will work towards developing additional strategies and initiatives to address that shortfall and meet CAP KPI goals.

4.2 Category-Specific Metrics

A number of additional metrics are being developed and integrated into the Facilities & Construction dashboard. The intent of these metrics are to track individual progress for select initiatives, as well as analyze agency spending habits, in order to facilitate conversations and drive certain behaviors. A brief summary of a selection of potential metrics and their usage is illustrated below. This is not a comprehensive listing as we will continue to add and remove metrics. The listing should serve to illustrate the type of data elements the category will consider. Once finalized, the guiding principle of the category-specific dashboard will be to track and measure those initiatives and activities which directly contribute to the category achieving its KPI goals listed in section 4.1.

- Demolition Spend: This metric will track the utilization of the USACE contract vehicle, an underutilized vehicle that will soon be assessed for BIC and is available for use by any agency. Monitoring the amount of demolition spend by each agency and highlighting which spend is through the USACE vehicle, will highlight opportunities for high-spending agencies to potentially leverage the vehicle and achieve savings.
- Utilities Savings: This metric will monitor progress toward achieving savings goals through BMO demand-management strategies. It will monitor each agency’s savings from reductions in BTU spending, GHG emissions, and potable water spending.
- BMO Spend: This metric will track overall utilization of the BMO vehicle, by zone, as the BMO vehicle is being rolled out incrementally across the country. In addition to total spend per zone, this metric will monitor small business utilization within each zone.
- GSA Schedule Spend: This metric will track the amount of government Facilities & Construction spend through GSA vehicles. Future development may include a comparison of relevant schedule spend to all relevant spend within FPDS. This analysis allows the category management team to identify opportunities to increase spend through GSA vehicles and achieve savings for

agencies. Future plans may also include additional viewing of spend by agency.

- Total Spend and Contract Type: This visualization allows the Facilities & Construction team to quickly view the number of contracts, type of contracts, and total spend – all by agency – for a subcategory, functional grouping, PSC, or NAICS code. As the team identifies government contract type preferences for designated acquisitions (e.g. performance-based contracts for specialized services, cost plus contracts for commodity purchases), this graph analyzes and tracks prevalence of adherence across agencies, to drive behavior towards best-practice contract types. It can also be used to identify opportunities for contract reduction within agencies and facilitate those conversations.
- Fiscal Year Statistics: To facilitate analysis and easily monitor certain statistics, a chart is under development that calculates and displays total obligations, small business utilization, number of actions, and number of suppliers. These statistics can be shown by sub-category, functional grouping, PSC, or NAICs code. Historic data can be viewed for previous fiscal years, or the to-date statistics can be displayed.

FY 2017 Government-Wide Category Strategic Plan

Version 2.0

Professional Services

November 2016

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1. Approvals and Concurrences

Concurrence of Interagency Team Members:

Category Team Member

Category Team Member

Category Team Member

Category Team Member

Approval:

11/23/2016

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Professional Services Government-wide Category Manager

Date

11/23/16

Lesley Field, Acting U.S. Chief Acquisition Officer,
Office of Management and Budget / CMLC Chair

Date

2. Executive Summary

2.1. Category Overview

The purpose of category management is to drive a fundamental shift from managing purchases and prices individually across thousands of procurement units to managing entire categories of common spend and their total cost. The Office of Federal Procurement Policy (OFPP), with support from the Category Management Leadership Council (CMLC), selected the General Services Administration (GSA) to lead the government-wide category of professional services. The professional services category (PSC) includes professional, scientific, and technical services requiring a high degree of expertise and training. It is the second largest category of spend in the federal government, and in FY15, Federal agencies procured approximately $63 billion in professional services.

The category, for FY17, is defined by eight (8) ‘level II’ subcategories including:

- Management Advisory Services
- Technical and Engineering Services (non-IT)
- Research & Development
- Business Administration Services
- Financial Services
- Social Services
- Marketing and Public Relationship
- Legal Services

Services often part of professional services acquisitions, but not within the scope of the category, include: IT, training, temporary services, human resources, construction services, hazardous waste remediation (environmental services) and research and development.

The PSC is very broad as is the industrial base that provides these services to the government. Services range from very complex noncommercial services to nearly commoditized services highly commercial in nature. Further, the category is marked by significant contract duplication (of note indefinite-delivery indefinite-quantity contracts), no ‘institutional’ -- formal or informal -- interagency collaboration regarding shared requirements, no baselined or accepted performance metrics, and limited channels for vetting and sharing good practices in services acquisition.

In FY17, the PS interagency category team will continue to advance its knowledge of federal professional services requirements, implement this category plan while addressing PSC’s core challenges and consider industry’s feedback on its strategic plan, initiatives, and digital tool resource development. As frequently as quarterly, adjustments to this plan and PSC activities may be published or announced.

2.2. High-Level Spend Analysis and Findings

Table 2-1: Federal PSC Spend Overview

Professional Services					
	FY11	FY12	FY13	FY14	FY15
Government Spend (millions)	$69,123B	$66,466B	$64,427B	$62,774B	$63,435B
Transactions	332,162	302,471	282,978	270,554	265,253
Contracts	23,985	24,850	24,824	33,769	23,223
Suppliers	43,840	42,391	35,294	33,820	35,337
Stand Alone Orders	66,245	60,840	53,571	51,789	73,137
Small Business % of Spend	24.86%	25.58%	26.32%	29.25%	30.62%

The PS interagency category team, OFPP, industry feedback, and data from the Federal Procurement Data System - Next Generation (FPDS-NG) highlight a number of opportunities for the category:

1. **Improve requirements development, procurement, and management.** The greatest challenge in acquiring professional services is effectively employing sound acquisition practices -- from requirements development to market research through service delivery and contract close out. As the government completes its comprehensive PSC market analysis and considers category principles appropriate for professional services, immediate attention can be given to sharing good and leading practices for services procurements.

2. **Establish a Supplier Relationship Management strategy and program.** While some federal spend in the category is concentrated in a narrow industrial base, overall, the PSC continues to have broad and diverse participation by over 35,000 individual companies. Further, subcategories and markets vary greatly. To ensure subcategory strategies and market analyses are completed well, the PSC industrial base must be routinely and actively engaged in sourcing and contract administration methodologies.

3. **Reduce contract duplication**. There were more than 23,000 new contracts and 73,000 new orders awarded in FY15, including many new IDIQ contracts. The Category Manager hypotheses that many of these procurements may be duplicative in scope and general purpose. PSC review of new (and large) IDIQ contracts is one important mechanism for

managing new contract awards, however, greater use of existing agency-level IDIQ and/or preferred use contracts is needed. This plan will seek to address the current duplication and ensure the future contracting landscape delivers improved outcome and is more efficient.

4. **Understanding PSC subcategory markets.** While spend and the size of the industrial base in PSC subcategories has been identified, the scope of services and markets characteristics in the PSC vary significantly. To implement category management tactics and principles effectively, complete subcategory market analyses are required.

5. **Achieving CAP goals for the PSC.** Given the large volume of spend that is largely "unmanaged" today; there is meaningful progress that can and should be made in improving professional services acquisition.

2.3. Summary of Initiatives

To begin FY17, the PSC Category Manager has identified eight initiatives that will support improved management of professional services spend:

1. **Continue Acquisition Gateway (AG) digital tool and 'good practices' content development.** Improve governmentwide services acquisition knowledge management utilizing the AG and supporting digital tools. In FY17:

    - release "Steps to Performance Based Contracting" web based resource
    - integrate Contract-Awarded Labor Category (CALC) into the AG
    - continue CALC functional development, data support, and development for other categories' use
    - add 36 vetted 'good or leading practices' artifacts to the AG Documents Library
    - host two 'good practices' "Months of Focus" and training on the PS Hallway;
    - develop a Transactional Data Rule (TDR) and prices paid data strategy for CALC

2. **Implement a Supplier Relationship Management (SRM) program.** Increase spend under management (SUM), savings, and small business participation through leveraged supplier partnerships and collaboration with industry in developing subcategory market analyses.

3. **Complete 'Best in Class' (BIC) contract designations.** Identify governmentwide and agency level contracts ready for BIC designation, beginning with governmentwide professional services contracts. In FY17 propose BIC designations for GSA's Identity Protection Services (IPS) BPA, Professional Services Schedule (PSS) IPS SIN, and OASIS and OASIS SB contracts. Complete inventory of known agency-level contracts that could or

should be considered for BIC designation.

4. **Complete, in collaboration with industry, a holistic category management strategy and market analysis for one PSC subcategory.**

5. **Complete on-ramp to GSA OASIS Pool 2 (Financial Solutions).** GSA's Federal Acquisition Service will increase the number of OASIS contractors available to provide financial services. To date, the number of contractors available has been insufficient, notably OASIS small business contractors in this functional area.

6. **Award GSA SmartPay 3.** Award of GSA's Smartpay 3 contract, designated as BIC in September 2016, will continue to ensure payment tools such as purchase, fleet, and travel card services are purchased strategically.

7. **Streamline GSA Professional Services Schedule (PSS) solicitation.** Improve the second largest IDIQ contract in government by streamlining its solicitation and proposal requirements. These improvements will reduce costs for industry, allow for more timely on-ramping of new suppliers, and improve use of the contracts by federal agencies.

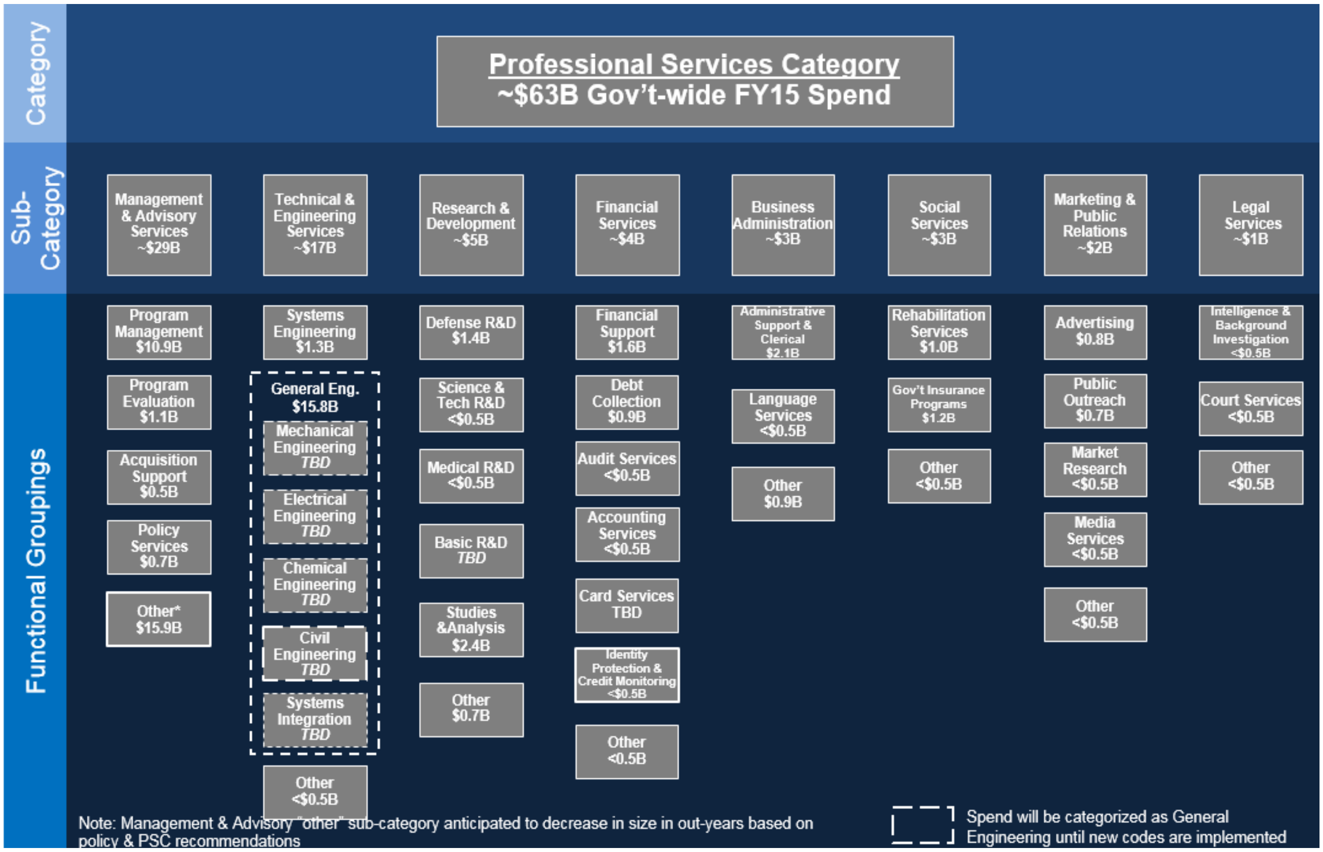
8. **Complete civilian agency contract audit services acquisition strategy.** Complete the governmentwide acquisition strategy for civilian contract audit services.

3. Spend Analysis

3.1. Category Scope

For the PSC's 1.0 strategic plan, the PSC was defined by 226 product service codes (PSCs) aligned to ten (10) subcategories. In FY16, the PS interagency category team reviewed this taxonomy and approved a revised category taxonomy to better align to particular industrial bases and subcategory markets, writ large. The revised taxonomy follows below:

Figure 3-1: PSC Spend Taxonomy



The PSC is very broad, encompassing everything from expert-dependent technical and engineering services to near-commoditized services, and because of this complexity, strategies for professional services acquisition cannot be applied universally. Thus, the approaches taken to implement category management principles within the PSC will vary by market and be implemented over time.

The category team will be analyzing and baselining these Level II subcategories in FY17 in order to prioritize specific opportunities to drive savings, spend under management, contract reduction, and small business utilization at the Level III Functional Grouping Level.

3.2. Baseline

Summary Findings from Spend Analysis

The following table provides a summary of high level subcategory spend in the originally assigned taxonomy. As indicated in the previous section, the focus in FY17 will be to baseline and analyze the category spend according to the proposed taxonomy.

Table 3-1: Professional Services Subcategory Spend

Subcategory	FY15 Spend	% Stand Alone Orders	% Vendors Accounting for 80% of Total Spend	% Small Business
Management Advisory Services	$36,492,811,644	28.3%	3.7%	30%
Technical & Engineering Services	$17,173,442,655	12.7%	7.2%	30%
Business Administration Services	$3,627,954,527	26.1%	5.9%	54%
Legal Services	$1,548,990,446	41.4%	.01%	41%
Financial Services	$1,440,014,886	42%	2.5%	12%
Social Services	$1,246,084,179	50%	1.9%	12%
PR and Comm. Services	$899,883,587	40%	5.0%	30%
Marketing and Distribution	$786,192,826	35%	1.5%	20%
Real Estate Services	$218,576,792	36%	.08%	63%
Trade Policy and Services	$428,197	100%	20%	77%

Below is a breakdown of data elements for the top three FY16 focus subcategories (Management Advisory Services, Technical and Engineering Services, and Business Administration Services). These three subcategories account for 90.4% of all spend for the PSC and will be a concentrated area of analysis in FY17.

<u>Management Advisory Services</u>

Table 3-2: Management Advisory Services Spend

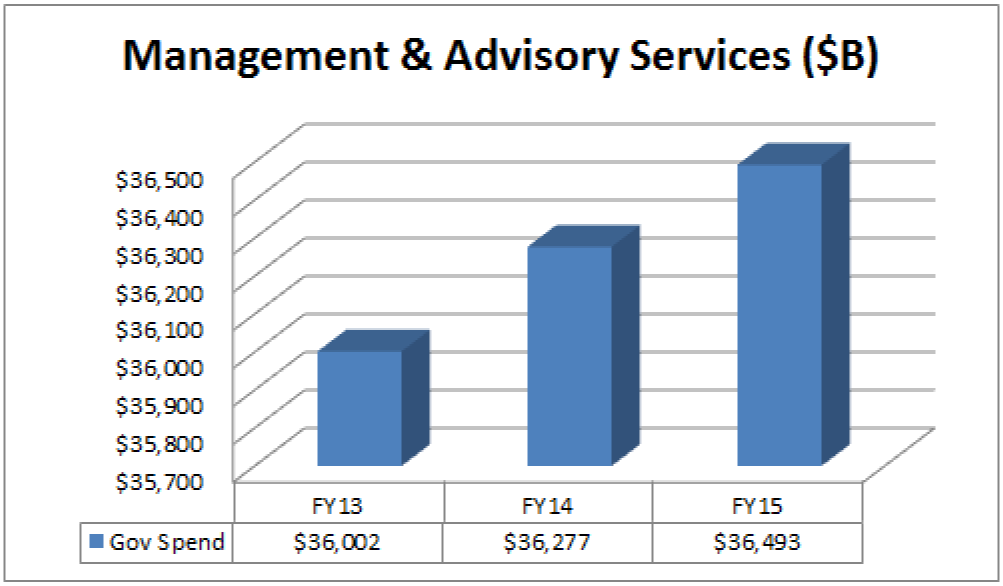


Table 3-3: Management Advisory Services Overview

Management Advisory Services ($B)						
	FY10	**FY11**	**FY12**	**FY13**	**FY14**	**FY15**
Government Spend (billions)	$34.76	$34.16	$36.33	$36.00	$36.28	$36.49
Transactions	152,514	154,484	146,644	139,955	134,612	132,479
Contracts	12,940	13,623	14,162	14,277	13,427	13,045
Suppliers	26,091	24,496	23,972	19,885	18,922	18,416
Stand Alone Orders	33,082	30,335	29,764	26,546	25,830	37,512
Small Business % of Spend	28.68%	28.38%	26.43%	25.98%	28.18%	29.81%

Table 3-4: Management Advisory Services Spend by Top 10 Agency

Management & Advisory Services Top Ten Contracting Agencies FY15 Spend ($B)	
Air Force	$4.987
Health & Human Services	$4.276
Army	$4.178
Secretary of Defense	$3.970
USAID	$2.836
Navy	$2.705
Homeland Security	$1.595
Department of State	$1.431
Justice	$1.382
Education	$1.145

Technical and Engineering Services

Table 3-5: Technical and Engineering Services Spend

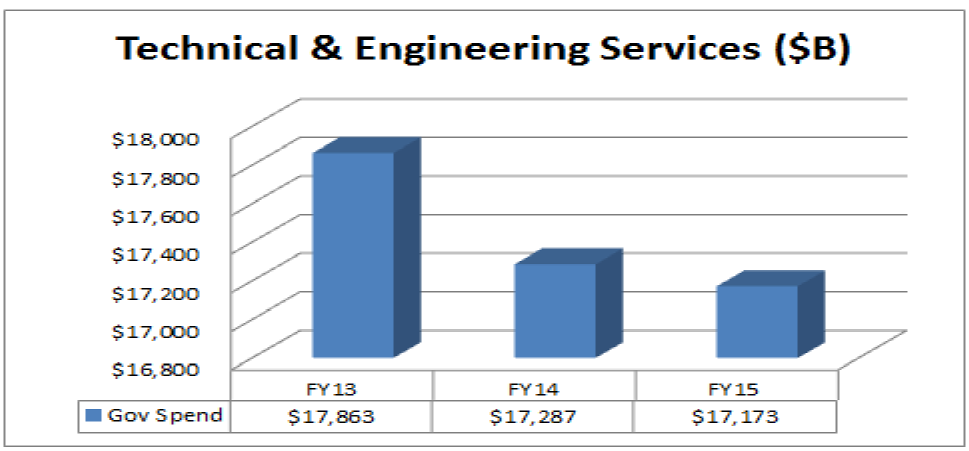


Table 3-6: Technical and Engineering Services Overview

Technical and Engineering Services ($B)						
	FY10	**FY11**	**FY12**	**FY13**	**FY14**	**FY15**
Government Spend	$26.206	$24.091	$20.712	$17.863	$17.287	$17.173
Transactions	57,637	57,253	47,786	45,046	42,160	41,631
Contracts	4,207	4,121	3,820	3,682	3,595	3,587
Suppliers	5,711	5,561	4,656	3,793	3,765	3,743
Stand Alone Orders	4,571	4,511	3,342	2,793	2,925	5,295
Small Business % of Spend	16.28%	17.86%	20.91%	23.26%	27.50%	29.60%

Table 3-7: Technical and Engineering Services Spend Top 10 Agencies

Technical and Engineering Services Top Ten Contracting Agencies FY15 Spend ($B)	
Army	$4.072
Air Force	$4.054
Navy	$3.875
Secretary of Defense	$1.162
Transportation	$9.901
USAID	$8.873
NASA	$8.061
Homeland Security	$3.481
Commerce	$2.080
Energy	$1.764

Business Administration Services

Table 3-8: Business Administration Services Spend

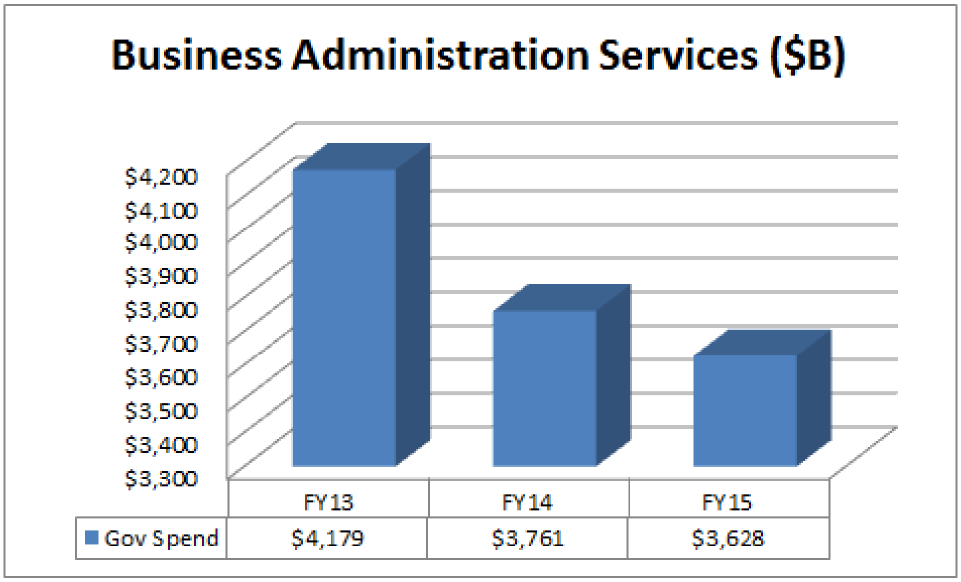


Table 3-9: Business Administration Services Overview

Business Administration Services ($B)						
	FY10	**FY11**	**FY12**	**FY13**	**FY14**	**FY15**
Government Spend	$5.49	$5.33	$4.45	$4.18	$3.77	$3.63
Transactions	52,497	57,885	59,168	53,022	50,459	47,928
Contracts	3,783	3,994	3,828	3,674	3,301	3,216
Suppliers	8,775	8,669	8,183	6,624	6,362	6,019
Stand Alone Orders	12,197	11,769	11,447	9,381	9,304	12,530
Small Business % of Spend	36.72%	37.33%	43.96%	43.18%	49.94%	53.54%

Table 3-10: Business Administration Services Spend Top 10 Agencies

Business Administration Services Top Ten Contracting Agencies FY15 Spend ($B)	
Army	$ .571
Health & Human Services	$ .521
Homeland Security	$ .425
Navy	$ .293
Justice	$ .241
Secretary of Defense	$ .220
State	$ .165
Air Force	$ .131
Energy	$ .130
NASA	$ .117

3.3. Data Management Challenges

The challenges with data for the PSC stem primarily from classification and how well available classification choices map to services being performed. There are two primary challenges:

1. **Product service codes are often too broad and do not align to a market.** For example, General Engineering (R425), a category of $17B, consists of many different types of engineering - mechanical engineering, civil engineering, and others. Each of these services is provided by different markets and with different market dynamics.

2. **XX99 "Other" codes are used extensively with the PSC.** R499, R799, and R699 comprise almost $20B of the category. In FY16, the PSC interagency working group performed an extensive analysis of the XX99 spend and while a resource-intensive effort the team found the need for enhanced coding options to afford contracting professionals alternatives that better reflect what they are buying.

As an output of FY16 data analysis by the PS interagency category team, recommendations for new product service codes and elimination of XX99 codes will be made.

4. KPIs

4.1. Program Targets

Focus Area	Target Initiatives	Context	Implication
Cross-agency information sharing	#1	• Value is created through better requirements management	• There is value in increasing collaboration and information sharing of acquisition materials and tools across agencies
Supplier relationship management	#2	• Category consists of 35K vendors (31% SB), working across service types ranging from expert-dependent engineering to near-commoditized services	• Industry engagement, management, and information sharing is vital to ensuring access to a diverse and innovative pool of vendors
Contract optimization	#1-5	• There are 23K contracts across the category today ○ Hypothesis that many may be duplicative ○ No over-arching management of PS spend ○ Establish a 'to be' optimized contracting landscape	• Contract redundancies create high administrative burden, unnecessary market complexity, as well as acquisition cost • Ensuring that future contracts embody BIC principles and dramatically reduce inefficiencies, duplication and improve transparency and outcomes.
Subcategory strategies	#8	• Professional Services is a $63B category, but consists of 8 Level II sub-categories and 39 Level III functional groupings, each with distinct requirements and markets	• Acquisition strategies cannot apply universally but must be tailored to sub-categories and the dynamics of their markets

The goal of the FY17 PSC initiatives are to address each area of focus as well as facilitate achievement of established CAP goals.

No	Initiative & Impact on KPI	FY17	FY18	FY19
1	**Continue AG digital tool and 'good practices' content development:** Increase use of AG, increase savings and SUM, reduce contract duplication	• Release "Steps to Performance Based Contracting" 1.0 web based resource • Integrate CALC into AG • Continue CALC data support and development for other categories • Add 36 quality-vetted artifacts to the Documents Library • Host two 'good practices' "Months of Focus" and training on the PS Hallway • Develop a TDR data strategy for CALC	• Add 36 quality-vetted artifacts to the Documents Library • Host two 'good practices' "Months of Focus" and training on the PS Hallway	• Add 36 quality-vetted artifacts to the Documents Library • Host two 'good practices' "Months of Focus" and training on the PS Hallway
2	**Implement Supplier Relationship Management program:** Increase SUM, savings, and small business participation through leveraged supplier partnerships, and category/subcategory strategies developed in collaboration with industry	• Develop SRM category plan • Host discussions with top 20 businesses and a representative sample of mid-tier business and small business • Complete white paper on feedback from industry	• TBD based upon SRM implementatio n plan	• TBD based upon SRM implementati on plan

No	Initiative & Impact on KPI	FY17	FY18	FY19
3	**Complete BIC contract designations:** Increase SUM by at least $4B over the next 3 fiscal years and improve SB usage by at least $1B	• Complete OASIS BIC designation by 11/30/16 • Designate IPS BPA/SIN as BIC by 11/30/16 • Complete agency level IDIQ/preferred source inventory by Q3 FY17 • Recommend to PSC Interagency group the future contracting optimized landscape and its impact across Federal Government.	• Promote governmentwide and agency level BIC contracts • Implement the future contracting landscape as endorsed by PSC Interagency group.	• Promote governmentwide and agency level BIC contracts
4	**Complete, in collaboration with industry, category management strategy and market analysis for one Level II subcategory:** Increase SUM and savings by completing full market analysis and category management	• Complete full market analysis and category management strategy for one Level II category; complete by Q4 FY17 • Develop plan for completing other Level II market analysis and category management strategies	• TBD - based on sub-category strategy plan	• TBD - based on sub-category strategy plan
5	**Complete on-ramp to GSA OASIS Pool 2 (Financial Solutions):** Increase SUM and SB usage by increasing the number of OASIS contractors available to	• By Q3 FY17, increase number of OASIS SB contractors available to	• By Q4 FY18 increase number of OASIS unrestricted	• Not applicable

No	Initiative & Impact on KPI	FY17	FY18	FY19
	provide financial services	provide financial services	contractors available to provide financial services	
6	**Award GSA SmartPay 3:** Generate ~$282M annually in savings through SmartPay's unique pricing and rebate structure	• Award SmartPay 3 by end of FY17 • Promote GSA SmartPay 2 and usage techniques to increase savings	• Promote GSA SmartPay 2 and usage techniques to increase savings	• Promote GSA SmartPay 3 and usage techniques to increase savings
7	**Streamline GSA Professional Services Schedule (PSS) solicitation:** Increase savings, reduce industry burden, increase SB participation, and improve contract usability by streamlining the PSS solicitation	• Simplify and shorten PSS solicitation - complete by Q4 FY17	• Not applicable	• Not applicable
8	**Complete Civilian agency contract audit services strategy:** Increase SUM and savings through a government-wide acquisition strategy for contract audit services	• Development government-wide civilian contract audit acquisition strategy by Q2 FY17 (dependent on approval from interagency working group)	• Maintain and promote approved strategy	• Maintain and promote approved strategy

In addition to these eight initiatives, there are efforts at the federal agency level which further supports governmentwide category management goal achievement. Through the OMB SUM Survey, and through working with the cross-agency category teams, the PSC will recognize category/spend management techniques already in practice that could quickly be used to drive increased SUM and savings.

4.2. Summary of KPIs

CAP Goal Metric	Initial Baseline FY15	FY16 Goal	FY17 Goal	FY18 Goal	FY19 Goal
Achieve Savings	-	$266K (7.5% of Increase SUM FY16 Goal)	$286M (3% of Increase SUM FY17 Goal)	$1.19B (7.5% of Increase SUM FY18 Goal)	$1.65B (7.5% of Increase SUM FY19 Goal)
Increase SUM	-	$12M (5% of FY15 overall category spend)	$9.45B (15% of FY15 overall category spend not already captured in FY16)	$15.75B (25% of FY15 overall category spend not already captured in FY16)	$22B (35% of FY15 overall category spend not already captured in FY16)
Reduce Contract Duplication	-	10% (5% of FY15 Baseline contract count)	10% (10% of FY15 Baseline contract count)	20% (20% of FY15 Baseline contract count)	35% (35% of FY15 Baseline contract count)
Small Business Utilization	30.8%	32.1% (FY15 baseline)	32.1% (FY15 baseline)	32.1% (FY15 baseline)	32.1% (FY15 baseline)
Increase Acquisition Gateway Usage	-	450 purposeful visits	900 purposeful visits	1000 purposeful visits	1100 purposeful visits

4.3. Targets and Initiatives

No	KPI	Primary Contributing Activities	Estimated Contribution by Fiscal Year		
			FY17	**FY18**	**FY19**
1	Achieve Savings	Rebates from SmartPay	$282M	$282M	$282M
		Reduction in OASIS CAF and avoidance of cost of additional contracts	$4M	$5M	$6M
		Avoidance of cost of additional IPS contracts	$80K	$80K	$80K
		Identification of agency-level efforts and savings	TBD	TBD	TBD
		Savings from avoidance of contracting costs from reduced contracts ($1000/contract)	$2.3M	$2.3M	$2.3M
		Total	**$288M**	**$289M**	**$290M**
2	Increase SUM	Volume through OASIS	$2.0B	$3.0B	$4.0B
		SmartPay basis points at Tier 3 - 0.04%	$8.8M	$8.8M	$8.8M

No	KPI	Primary Contributing Activities	Estimated Contribution by Fiscal Year		
			FY17	FY18	FY19
		transaction value			
		Forecasted volume through IPS BPA	$130M	$130M	$130M
		Identification and quantification of agency-level efforts and SUM	TBD	TBD	TBD
		Total	**$2.2B**	**$3.2B**	**$4.2B**
3	Reduce Contract Duplication	PS category (overall reduction using current strategies)	-10%	-10%	-10%
4	Small Business Utilization	PS category (overall SB spend using current strategies)	32.1%	32.1%	32.1%
5	Increase Acquisition Gateway Usage	Release “Strategies for Performance Based Contracting” 1.0 web based resource	by Q3	NA	NA
		Complete AG front-end build out and continue main site development for CALC Tool	by Q2	NA	NA
		Add 36 additional quality-vetted artifacts to Document Library	3 per month	3 per month	3 per month
		Host two ‘good practices’ “Months of Focus” and training on the PS Hallway	Q2 & Q3	Q2 & Q3	Q2 & Q3
		Purposeful visits to PS Hallway	75 per mo.	75 per mo.	75 per mo.

FY17-19 Government-Wide Information Technology Category Strategic Plan

Version 2.0

Mary Davie

November 2016

Table Contents

1. Approvals and Concurrences

Concurrence of Interagency Team Members:

Category Team Member

Category Team Member

Category Team Member

Category Team Member

Approval:

Mary Davie

Mary Davie, Assistant Commissioner for Integrated Technology Services/IT Category Manager

11/28/16

Date

Lesley A. Field

Lesley Field, Acting Administrator,
Office of Federal Procurement Policy

11/23/16

Date

2. Executive Summary

The first government-wide IT category strategic plan was published in May 2016 and provides a comprehensive review and analysis of IT spend in the federal government. It also provides recommendations for opportunities to better manage the federal government's $51B in annual IT spend, increase savings, reduce open-market purchases, and develop a strategic supplier-management framework.

This updated version outlines a set of three-year initiatives, which supports the current policies and legislation while targeting new areas of spend to meet the cross-agency priority (CAP) goals.

The federal government spends over $51B a year on hardware, software, telecommunications, cybersecurity, and consulting services through tens of thousands of contracts and delivery orders with thousands of suppliers.

The government-wide IT category management efforts will closely align with FITARA, the MEGABYTE Act, and the federal chief information officer's priorities to improve the acquisition and management of common IT goods and services to improve mission delivery and greater performance, efficiencies, and savings.

During fiscal year (FY) 2016 there were several notable accomplishments for the IT category:

- Office of Management and Budget's (OMB) Office of Federal Procurement Policy (OFPP) and Office of the Federal Chief Information Officer (OFCIO) issued three policy memos for laptops and desktops, software licensing, and mobility devices and services. These memos direct agencies to take steps in managing, acquiring, and capturing spend for these commodities. Each of the three commodity teams are leading interagency teams and coordinating across government to ensure the responsibilities and requirements identified in the memos are achieved.
- The first semi-annual workstation (laptop and desktop) buying event was conducted in 4th quarter FY16 across the three approved best in class) vehicles (NASA SEWP, GSA Schedule 70, and HHS NITAAC CIO-CS). Federal agencies purchased just over $0.055B in laptops and desktops during the buying event and an average savings of 18% was achieved. The Government-wide Strategic Solutions (GSS) team will conduct two buying events annually and will refresh configurations and add to available product sets at least once per annum.
- The Mobile Services Category Team (MSCT) published the MSCT Strategic Roadmap, which defines the next generation government-wide mobile acquisition strategy. This includes identification of a strategy for

increasing the efficiency of mobility acquisitions and management in the near future (3 to 5 years).

- The Enterprise Software Category Team (ESCT) negotiated new agreements with Telos and Esri and is on schedule to negotiate new agreements with SAP, HPE, and Adobe by end of calendar year (CY) 2016. Additional agreements are scheduled to be negotiated over the course of CY17.

As part of President Obama's Cybersecurity National Action Plan (CNAP), the federal chief information officer (CIO) identified two initiatives that will be undertaken during and supported by the IT category migration of small agencies to a shared network and requirements gathering to result in a common platform for email and collaboration tools. Both of these initiatives aim to tackle modernization, security, usability, reliability, and interoperability across departments and agencies. By the end of 2016, approximately 1/3 of CFO Act agencies will be migrated to "modern consolidated email solutions" and by the end of 2017 this migration will extend to all CFO Act agencies. This CNAP initiative is driven primarily by cybersecurity requirements; however, it dovetails with category management efforts for IT outsourcing for the "software-as-a-service" capability to insure improved performance, drive innovation, increase savings, and deliver better value to the American taxpayer.

In FY17, the IT category manager will build a cross agency leadership team, establish a governance structure, implement supplier relationship management (SRM), and identify new initiatives and best-in-class (BIC) contracts.

3. Assumptions and Constraints

The IT category is currently supported by three joint OFPP/OFCIO policy memos. The IT category anticipates working with OFPP/OFCIO to develop additional policy and guidance to support new IT category initiatives. Policy, along with identifying strategic sources of supply and actions agencies can take to better manage IT, are critical to the success of the IT category reaching the key performance indicator (KPI) targets.

The IT category requires additional program operations resources to implement and sustain the current and future category management policies. The current functional initiative leads for the Workstation Category Team (WCT), ESCT, and MSCT have successfully established core leadership teams that include cross-government subject matter experts in their respective fields. Each of the policy memos describes a series of cross-government milestone activities, specific performance measures, and compliance initiatives. Each functional initiative leadership team requires program operations support to perform the following functions:

- **Program Management/Milestones/Governance** - Responsible for execution of the category's strategic plan and related progress reporting of the plan's initiatives. This includes schedule performance management and governance processes.
- **Reporting, Analytics, and Data Management** - Responsible for gathering, aggregating, and analyzing spend, agency demand, market, and supply chain data; and translating the data into actionable category intelligence.
- **Supplier Relationship Management (SRM)** - Responsible for developing and deploying the IT category SRM plan as part of the category's strategic plan and in support of the government-wide Program Management Office (PMO) SRM framework and program.
- **IT Policy/Guidance/Standards** - Define and publish standards (e.g., BIC, savings methodology, contract definitions, etc.). Establish and deploy standards for reporting, scheduling, etc. All processes and standards stored in central library that enables Capability Maturity Model Integration (CMMI) or CMMI-like maturation.
- **Change Management/Communications** - Responsible for all strategic communications and change management strategy, to include messaging development and alignment, execution of overarching communication strategy, and definition of outreach and change management strategy.
- **Acquisition Gateway/Community Management** - Execution of IT content management and external outreach. Includes assisting development of content for respective hallways, execution of events and activities associated with customer and supplier engagement, and driving development of communities of practice for the IT community.

To effectively implement the government-wide category management policy initiatives, operational support is required for the core functional leadership teams. The IT category manager has one program manager assigned from the GSA government-wide PMO. The WCT has one assigned contract support resource provided by OMB. The ESCT has no government-wide operational support resources. They are currently supported by shared resources from the GSA software category management team. The MSCT has no government-wide operational support resources assigned at this time. The team is currently leveraging GSA enterprise mobility resources to provide limited support.

The government-wide IT category management program is under-resourced. To effectively deliver on the OMB policies and sustain category management program operation initiatives, and achieve KPI goals, additional resources are required.

4. IT Category Characteristics

4.1 Category Scope

For government-wide category management, the following subcategories are part of the IT category:

- IT Software
- IT Hardware
- IT Consulting
- IT Outsourcing
- IT Telecommunications
- IT Cybersecurity

A comprehensive category analysis was developed for the version 1.0 of the IT strategic plan. That information will be reviewed and updated periodically. OFPP has also created a dashboard and a compliance tool for federal spend for laptops/desktops, mobile, and software. The FAS PMO has responsibility for data refresh and providing the IT category manager and subcategory initiative leads with information to ensure agency compliance with the requirements described in each of the three memos.

4.2 Baseline

There are five fundamental areas of focus for the IT category:

1. Improve agency mission delivery and citizen experience through improved use of technology

2. Support agencies in FITARA implementation

3. Develop subcategory strategies that enable the government to improve what and how it buys IT:

    - Reduce total cost of ownership (TCO) of IT commodities enabling agencies to redirect investments for mission enhancements
    - Increase spend under management (SUM)
    - Realize savings and cost avoidance
    - Improve the engagement and understanding of the IT marketplace combined with proactive government-wide management of major suppliers
    - Attract and optimize the use of the very best suppliers and industry partners
    - Promote the establishment of useful standards that simplify buying and ease management and security

4. Improve the speed and efficiency of the acquisition process:

- Provide best practice models, resources, and training that will improve government buying practices
- Connect government program and acquisition staff to share information, best practices, tools, and templates
- Reduce the number of new and/or duplicative contracts, and improve the utilization of designated government-wide contracts
- Undertake new acquisitions, manage suppliers, and identify new innovative products and services that are aligned to the CIO Council priority areas
- Improve quality and availability of information, tools, and resources on the Acquisition Gateway

5. Improve the quality and availability of management information, including expenditure data, supplier performance, technology trends, and agency compliance with policies/legislation

During FY17, the IT category manager will work to establish a governance structure and executive steering group. This group will consist of agency IT, acquisition, and other functional-area executives who will be responsible for identifying new category initiatives and opportunities, supporting development and implementation of policy and guidance, providing guidance and assistance to subcategory leads, and assisting in the assessment of BIC contract submissions.

Another focus for the IT category during FY17 will be to establish an SRM model and to actively engage suppliers across the active subcategory initiatives.

The IT category is one of the largest categories of expenditure in the federal government, and in FY15, federal agencies procured approximately $51.2B in IT products and services, according to the Federal Procurement Data System (FPDS).

The following chart outlines the expenditures for the last three fiscal years by IT subcategory. This expenditure highlights that agencies spent $48B in FY13 and increased to $51.2B in FY15. While there has been little or no change in the level of obligated expenditure over the last two years, it is still approximately 5% more than FY13.

Table 1: IT Subcategory Spend (in Billions of Dollars)

Subcategory	FY13	FY14	FY15
IT Software	4.6	5.7	6.1
IT Hardware	11.1	11.4	11.5
IT Consulting	1.0	1.1	1.2
IT Cybersecurity	0.8	1.0	0.9
IT Outsourcing	28.2	29.6	29.7
IT Telecom	2.3	1.9	1.8
Total	**48.0**	**50.7**	**51.2**

Source: Federal Procurement Data System – Next Generation (FPDS-NG)[1]

4.3 Data Management Challenges

The IT category is heavily dependent on data related to IT spend, contract vehicles, and vendors. The data is required to analyze the government's buying patterns, determine policy compliance, and measure overall performance against specific KPIs. The access to data is limited and from inaccurate data sources, which can create high variance in analysis and performance measurements. The current data sources include the following:

- **FPDS-NG** – This is the primary data source to conduct macro level analysis of spend obligations across government. The data source does not capture all government spend and is dependent on correct product services code (PSC) coding through contract processing.
- **Integrated Data Collection (IDC)** – This is a government-wide data collection issued by OMB. The data collection is only conducted on a quarterly basis. There is a limitation on what can be included in the IDC and it is self-reported data.
- **Prices Paid Data** – This data is defined at an acquisition solution level, and there are no standards or consistency. This is not a requirement for all contracts. The GSA Transactional Data Reporting (TDR) initial data collections will occur in FY17, but it is expected that it will take time to mature processes and relationships with the vendors.
- **Ad-hoc Agency Data Collection** – The IT category team, in conjunction with OMB, has made requests of agencies for specific IT equipment

[1] Federal Procurement Data System – Next Generation (FPDS-NG) is the source for all of the expenditure data referenced throughout the IT category Strategic Plan, and to ensure consistency of reporting and transparency the data has been categorized as per the existing PSCs. As a result, some subcategory expenditures could be subject to significant variations, for example, the telecommunications subcategory expenditure is significantly under reported while the IT outsourcing subcategory is over stated.

data. The response has been limited and is also self-reported. The ad-hoc request is to be held to a minimum, to not conflict with the OMB IDC.

- **Vendor Reported Data** – This can only be obtained if vendors are contractually obligated to do such reporting. Limited contract programs require vendors to provide spend reports. This is the best source of reporting, but it is inconsistent across the government.
- **SmartPay** – This is data that represents credit-card spend by agencies. Some agencies have elected that their transactions not be attributed to them and transactional data has inconsistent content. The purchase description information is sparse making it difficult to understand what has been purchased. The data is only provided upon request.

The goal is to work toward more consistent, accurate, and reliable data sources that can be industrialized across the category. In the interim, the data posture is one that has limited access to government-wide transactional prices paid data for hardware, software, and services. This directly impacts the ability to provide timely reporting with a limited variance. The IT category is striving to build data collection mechanisms that can be industrialized across government and limit any additional reporting burden on agencies.

5. KPI Targets

5.1 Program Targets

Table 2: Summary of KPI Targets

CAP Goal Metric	Initial Baseline FY15	FY16 Goal	FY17 Goal	FY18 Goal	FY19 Goal
Achieve Savings	Annual IT Spend $51.23B	$0.192B *(7.5% of Increase SUM FY16 Goal)*	$0.575B *(7.5% of Increase SUM FY17 Goal)*	$0.959B *(7.5% of Increase SUM FY18 Goal)*	$1.34B *(7.5% of Increase SUM FY19 Goal)*
Increase SUM	$0	$2.56B	$5.11B FY Increase	$5.12B FY Increase	$5.12B FY Increase

		(5% of FY15 overall category spend)	$7.67B Total *(15% of FY15 overall category spend not already captured in FY16)*	$12.79B Total *(25% of FY15 overall category spend not already captured in FY16)*	$17.90B Total *(35% of FY15 overall category spend not already captured in FY16)*
Reduce Contract Duplication	Definitive Contracts 6,040 Orders/BPA Calls 11,173 Stand Alone Orders 55,837	Definitive Contracts - 302 Orders/BPA Calls -559 Stand Alone Orders -2,792 *(5% of FY15 Baseline contract count)*	Definitive Contracts -604 Orders/BPA Calls -1,118 Stand Alone Orders -5,584 *(10% of FY15 Baseline contract count)*	Definitive Contracts -1,208 Orders/BPA Calls -2,236 Stand Alone Orders -11,168 *(20% of FY15 Baseline contract count)*	Definitive Contracts -2,114 Orders/BPA Calls -3,910 Stand Alone Orders -19,543 *(35% of FY15 Baseline contract count)*
Small Business Utilization	35%	23% *(FY15 baseline)*	23% *(FY15 baseline)*	23% *(FY15 baseline)*	23% *(FY15 baseline)*
Increase Acquisition Gateway Usage	-	1,000 purposeful visits	3,000 purposeful visits	5,000 purposeful visits	7,000 purposeful visits

6. IT Outsourcing

The IT outsourcing subcategory will be a focal point in FY17. The subcategory represents 57% of the overall IT spend at $29.7B and 30% of overall contract actions at 21,840 in FY15. A subcategory team will be established to begin deep-dive analysis into spend and contract data and to formulate recommendations for consolidation through commodity offerings. Furthermore, the team will immediately be charged with supporting the CNAP by developing requirements and drafting alternatives for cloud based email service and collaboration tools for departments and agencies.

As part of the CNAP it was acknowledged that the security of federal email systems needs to be modernized, more secure, and at the same time improve the usability, reliability, and interoperability across the departments and agencies. By the end of 2016, approximately 1/3 of CFO Act agencies will be migrated to “modern consolidated email solutions” and by the end of 2017, that migration will extend to all CFO Act agencies. This CNAP initiative is being driven by security requirements primarily; however, it dovetails with category management efforts for IT outsourcing for this “software as a service” (SaaS) capability to insure improved performance, drive innovation, increase savings, and deliver better value to the American taxpayer.

6.1 Spend Analysis

6.1.1 Category Scope

In the IT outsourcing subcategory, the top five spending agencies represent 56% ($16.66B) of the $29.7B spend in FY15. The top five agencies include:

- Office of Secretary of Defense (OSD) - $4.004B
- Department of the Army - $3.665B
- Department of Health and Human Services (HHS) - $3.356B
- Department of the Navy (DON) - $3.341B
- Department of Veteran Affairs (VA) - $2.301B

A focus of the data analysis will be to determine the top consumed outsourcing requirements and contract breakdown across these top spend agencies. There will be a focus on reducing the standalone orders, which represent 55% of all contract transitions in this subcategory. The standalone orders represent the open-market spend, which can be consolidated through BIC contract programs that will ensure proper contract oversight and data collection.

SaaS is a part of the IT outsourcing subcategory to the larger IT category. Based upon the federal CIO policies and intent, SaaS should be provisioned as a cloud offering. An initial data call conducted in May and June 2016 by the federal CIO was focused on “inboxes”, which is how industry currently prices the capability. As of August 2016, approximately 27% of the 23 CFO Act agencies’ email inboxes are using cloud-based email (Department of Defense (DoD) is not included in this dataset; however, they are in the process of migrating to cloud-based services). In FY17, in alignment with the CNAP, the IT outsourcing team will work with OMB, agencies, and departments to provide a consolidated cloud-based email solution through a government-wide SaaS offering through BIC contract program(s).

6.1.2 Baseline

As a result of CNAP and OMB's effort, initial data calls have been conducted and have received responses from 23 of the 24 CFO Act agencies. The data call shows 516,000 (27%) of the 2,171,000 mailboxes have been migrated to cloud-based solutions. Additional analysis is required to determine the cost and contract efficiencies through the transition to a single cloud-based email solution. Leveraging category management principles through aggregating requirements, intelligent supplier engagement, and utilizing BIC contract programs can lower overall per-seat email costs and optimize the acquisition process.

6.1.3 Data Management Challenges

Spend data from FPDS or from agencies on SaaS is not readily available and is not worth collecting for past fiscal years (prior to 2016), since it will be difficult to normalize the costs and there are few true SaaS applications in use today. Additionally, since SaaS may be wrapped up into larger cloud services purchases, it may be difficult to break out specific "per inbox" costs for each relevant contract.

Table 3: Summary of Key Outsourcing Initiatives

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
1	**Establish subcategory team to begin analysis of the IT outsourcing spend.** **The subcategory team will begin development of a government-wide cloud email**	• Initial IT outsourcing team established focused on cloud email • Establish subcategory initiative charter • Establish spend baselines and KPI goals • Assess status of agency efforts and contract status • Continue to work	• Agencies have access to OMB preferred cloud email solution(s) • Increase SUM and savings • Continue discussions with industry to reduce costs and improve capabilities • BIC contracts approved • Assist agencies with cloud	• Increase SUM and savings

	offering.	with federal CIO on baseline requirements ● Finalize requirements and approach for federal cloud email ● Initial industry engagement to obtain high-level supplier management information (FY16) ● Assist agencies with cloud transition acquisitions as needed	transition acquisitions as needed	
2	**Market existing/ upcoming government-wide agreements - encourage agencies to utilize government-wide agreements - Work with OMB to identify which agreements are mandatory. For those that are mandatory, manage the waiver process**	● Assessment of government agreements ● Determine target vehicles BIC and recommend mandatory usage ● Provide mandatory agreements usage tracking reports: quarterly ● Adjudicate agency waiver requests as required	● Assessment of government agreements ● Determine target vehicles BIC and recommend mandatory usage ● Provide mandatory agreements usage tracking reports: quarterly ● Adjudicate agency waiver requests as required	● Assessment of government agreements ● Determine target vehicles BIC and recommend mandatory usage ● Provide mandatory agreements usage tracking reports: quarterly ● Adjudicate agency waiver requests as required
3	**Track and report KPIs**	● Develop baselines and methodologies ● Develop data collection plan ● Collect existing agency data ● Report performance	● Adjust methodologies, as needed (e.g., baseline) ● Collect data ● Report performance	● Adjust methodologies, as needed (e.g., baseline) ● Collect data ● Report performance

7. IT Hardware

The IT hardware subcategory represents 22.5% of the overall $51.23B IT spend at $11.52B and 40% of overall contract actions at 29,431 in FY15. The initial focus with IT hardware has been to establish the WCT, which is charged with improving the acquisition of laptops and desktops through contract transparency, collecting prices paid data, and aggregating buying to achieve price discounting. Workstation spend across the federal government represents approximately $1.4B annually. The WCT will continue its acquisition optimization of end-user devices (EUD). In FY17, the IT category will conduct further analysis to broaden subcategory initiatives and identify other hardware commodity opportunities.

The OMB M-16-02 laptop/desktop (workstation) policy memo targets demand management buying through BIC contract programs, device standardization, and improved data collection. In FY16, the core WCT was established to champion the implementation of the policy memo. The core WCT is comprised of three BIC contract programs to include NASA SEWP, GSA Schedule 70, and HHS NITAAC CIO-CS. The core WCT has developed six standard configurations, awarded GSS vehicles for six standard configurations on all three BIC contract programs, and conducted the first semi-annual GSS workstation buying event.

The BIC classification for IT hardware may be expanded to four DoD contract programs to include USMC/MCHS, DON/NGEN, Army/CHESS, and AF/ITCC. OSD has committed to consolidate all laptop and desktop purchases through the four DoD contract programs, which represented 58% at $0.811B in spend for laptops and desktops in FY15. The Veterans' Affairs (VA) Commodities Enterprise Contract (CEC) and the Department of Homeland Security's (DHS) FirstSource contract are also under consideration for BIC classification.

Initial fiscal-year activities will include the evaluation of the IT hardware subcategory to identify and analyze top spend and formulate recommendations for the next hardware policy memo. The core WCT will complete the GSS laptop and desktop standard configuration refresh and the BIC evaluation for the Army's Computer Hardware, Enterprise Software and Solutions (CHESS) contract program, and the planning and communication for the next GSS buying event to occur in Q3 and Q4 of FY17.

7.1 Spend Analysis

7.1.1 Category Scope

In the IT hardware subcategory, the top five spending agencies represent 73% ($8.40B) of the $11.52B spend in FY15. The top five agencies include:

- Department of the Army - $2.675B
- Department of the Navy (DON) - $2.144B
- Department of the Air Force (AF) - $1.597B
- Office of Secretary of Defense (OSD) - $1.249B
- Department of Homeland Security (DHS) - $0.738B

The analysis indicates that the preponderance of the IT hardware spend is within DoD, at over 65%. However, the focus in FY16 has centered on the civilian agency spend. In FY17, further DoD engagement will be required to better achieve the category management KPI goals.

The standalone orders represent the open-market spend, which can be consolidated through BIC contract programs that will ensure proper contract oversight and data collection. There will be a focus on reducing the standalone orders, which represents 89% of all contract transitions in this subcategory, and 66% among the top five agencies. Additional IT hardware initiatives are listed Table 4: Summary of Key IT Hardware Initiatives.

7.1.2 Baseline

The FY15 distribution of spend in the IT hardware subcategory was:

- DoD - $7.7B (67%)
- Civilian agencies - $3.8B (33%)

A further analysis of the data or workstations (laptops and desktops) reflects the following distribution in FY15:

- Workstations ($1.406B total)
- DoD - $0.8107B (58%)
- Civilian agencies - $0.595B (42%)

In FY17 there will be a focus on working with OSD to target workstation spend against one of the four approved DoD contracts.

7.1.3 Data Management Challenges

Previously noted, access and collection of accurate data is challenging. Specifically, the WCT has been challenged with collecting agency specific laptop and desktop prices paid, volume, manufacture and configuration data. This data is particularly important for benchmarking standard configurations and price points by unit classification. This data is critical if we are to ensure the designated BIC contract programs provide as good as, if not better unit price points for each standard configuration classification.

Table 4: Summary of Key IT Hardware Initiatives

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
1	**Implement memorandum Laptop and Desktop Policy M-16-02**	• Track agency exception requests for memo exemptions against the eight required criteria • Evaluate agency purchasing behavior and compliance with memo requirements (e.g., % GSS spend, 80% standard configurations, uniform refresh policy) • Identify additional agency enterprise contracts that can be counted toward SUM and savings targets • Measure KPIs • Evaluate DoD CHESS contract for GSS compliant purchases • Evaluate CHESS (and other agency contract vehicles) for BIC • Undertake detailed market and supplier analysis to identify additional areas of potential	• Track agency exception requests for memo exemptions against the eight required criteria • Evaluate agency purchasing behavior and compliance with memo requirements (e.g., % GSS spend, 80% standard configurations, uniform refresh policy) • Identify additional agency enterprise contracts that can be counted toward SUM and savings targets • Measure KPIs • Annual BIC reviews for all GSS vehicles • Undertake detailed market and supplier analysis to identify additional areas of potential opportunity • Using current pricing data undertake a benchmarking and price analysis	• Track agency exception requests for memo exemptions against the eight required criteria • Evaluate agency purchasing behavior and compliance with memo requirements (e.g., % GSS spend, 80% standard configurations, uniform refresh policy) • Identify additional agency enterprise contracts that can be counted toward SUM and savings targets • Measure KPIs • Annual BIC reviews for all GSS vehicles • Undertake detailed market and supplier analysis to identify additional areas of potential opportunity • Using current pricing data undertake a benchmarking and price

		opportunity • Using current pricing data undertake a benchmarking and price analysis exercise • Refresh laptop and desktop configurations • Conduct two buying events	exercise • Refresh laptop and desktop configurations • Conduct two buying events	analysis exercise • Refresh laptop and desktop configurations • Conduct two buying events
2	**Evaluate hardware subcategory additional hardware commodity opportunities**	• Undertake initial deep dive spend analysis to identify potential areas of spend • Complete an opportunity analysis outlining potential KPIs • Draft relevant policy memo (if recommended) • Identify potential BIC contracting vehicles that could be used to deliver improved value • Draft relevant policy memo (if recommended)	• Track agency exception requests for cost savings through the implementation of their mandatory use policies (Monthly) • Conduct buying events throughout FY18 (timing to TBA)	• Track agency exception requests for cost savings through the implementation of their mandatory use policies (Monthly) • Conduct buying events throughout FY19 (timing to TBA)
3	**Track and report KPIs**	• Develop baselines and methodologies • Develop data collection plan • Collect existing agency data • Report performance	• Adjust methodologies, as needed (e.g., baseline) • Collect data • Report performance	• Adjust methodologies, as needed (e.g., baseline) • Collect data • Report performance

8. IT Software

The IT software subcategory is managed through the ESCT with representation from OMB, GSA, and DoD leadership. The ESCT was established under FITARA and has a requirement to negotiate a minimum of two enterprise software license agreements for the federal government each year. Following the release of the OMB Software Memo

16-12 in June 2016, the ESCT formed an interagency group of agency appointed software managers. Both the ESCT and the agency software managers have been tasked with a number of initiatives aimed at making improvements to federal software environments via improved software license management, asset management, vendor management, and acquisition/contract management.

There are four major challenges that government agencies are dealing with in the acquisition, usage, and management of commercial software:

- Lack of agency control over software spend
- Lack of visibility into assets and future requirements
    - Federal agencies buy and manage their software licenses in a decentralized way resulting in poor software license management
    - Federal agencies overbuy and accept bundles of software when often only a fraction of the functionality is actually needed
    - Terms and conditions vary widely – even across similar vehicles
    - Pricing and other critical information is not shared
        - Need for a unified and comprehensive plan to implement FITARA legislation, the OMB software memo (M-16-12), and the MEGABYTE Act
        - Lack of a government-wide enterprise license strategy

Recent legislation and guidance such as FITARA, the OMB Software Memo, and the MEGABYTE Act has been released to help agencies address the challenges above and enable federal-wide coordination on software acquisition and management.

The ESCT has identified a number of initiatives aimed at achieving software-specific KPIs that have been defined by OMB and the category management PMO. While OMB has set consolidated goals for the IT category, the software subcategory is working towards achieving subcategory KPI metrics.

The specific initiatives identified by the ESCT to address the above KPIs include:

- **“Well-Managed” Software Agreement Identification -** work with agency software managers to identify “well-managed” software agreements (SUM defined Tier 1 and Tier 2) that could help meet KPI targets such as savings, SUM, and contract reduction.
- **Market Existing/Upcoming Government-wide Agreements -** encourage agencies to utilize government-wide agreements - existing ESI/GSA SmartBUY agreements, HPE, Adobe, SAP, CGI, and Oracle. Work with OMB to identify which agreements are mandatory. For those that are mandatory, manage the waiver process.

- **Develop New Government-wide Agreements -** Develop a strategy for the government position and approach to negotiate strategic government-wide enterprise license agreements with USG's largest suppliers. Identify/develop new government-wide agreements per the OMB Software Memo, including those that are mandatory and preferred. For those that are mandatory, manage the waiver process.
- **Guide Implementation of Software Asset Management (SAM) -** work with agencies to create a baseline inventory and implement SAM to support the quarterly IDC efforts; work with DHS' Continuous Diagnostic and Mitigation (CDM) program to leverage opportunities for future CDM phases, as well as gain economies of scale to reduce maintenance costs of phase 1 purchases.
- **Collect, Publish, and Market SAM Best Practices -** identify best practice documentation (terms and conditions, pricing, etc.) that can be shared with agencies via the IT software hallway on the Acquisition Gateway and other channels.

8.1 Spend Analysis

8.1.1 Category Scope

The software subcategory can be defined as including infrastructure software, enterprise application software, and licensing and maintenance. Infrastructure software includes active directory (AD) application integration and middleware (AIM) software, information management software, storage management software, IT operations management and security software, and other infrastructure software. Enterprise application software includes content, communication, and collaboration software; customer relationship management (CRM) software; digital and content creation software; enterprise resource planning (ERP) software; office suites; project and portfolio management software; and supply chain management software.

The software subcategory includes both packaged software products and cloud-based SaaS solutions, and their related licensing and maintenance services. Software is typically purchased as a bundled package with other technology categories, including telecommunications services, hardware, and the installation, customization, and programming services from IT outsourcing.

The software subcategory will also work with other federal entities focused on software such as the Unified Shared Services Management (USSM) Office and the DHS/GSA CDM program to identify opportunities to leverage and build upon efforts.

In the software subcategory, the top five spending agencies represent 59% ($3.64B) of the $6.1B spend in FY15. The top five agencies include:

- Department of the Army - $1.087B
- Office of Secretary of Defense (OSD) - $0.796B
- Department of the Navy (DON) - $0.664B
- Department of Homeland Security (DHS) - $0.647B
- Department of the Air Force (AF) - $0.444B

A focus of the data analysis will be to determine the top consumed outsourcing requirements and contract breakdown across these top spend agencies. There will be a focus on reducing the standalone orders, which represent 79% of all contract transitions in this subcategory. The standalone orders, which is the open market spend, can be consolidated through BIC contract programs; this will ensure proper contract oversight and data collection.

8.1.2 Baseline

A spend baseline for the software subcategory has been established at approximately $6.1B for FY15 based on an analysis of FPDS-NG data. This baseline has been used as the basis for defining the KPI metrics for the subcategory.

8.1.3 Data Management Challenges

The spend baseline and subsequent analyses that attempts to identify total current software contracts, including standalone contracts, current levels of SUM, and other important figures, are based on FPDS-NG data only for the purposes of this plan. However, FPDS-NG presents a number of challenges particularly in the IT software subcategory and tends to understate the total federal-wide spend figure. While approximately $6.1B of spend was identified in FPDS-NG for FY15, external sources such as Deltek have identified federal spend to be much higher.

Table 5: Summary of Initiatives for IT Software

No	Initiative	Key Milestone Delivery Dates		
		FY17	**FY18**	**FY19**
1	**Implement memorandum software licensing policy M-16-12**	• Software license management (inventory/asset optimization) visibility of spend/assets made available • Promote the benefits of utilizing the enhanced FSS	• Track agency exception requests for use of government-wide ELAs through the implementation of agency mandatory use policies • Develop two new government-wide	• Track agency exception requests for use of government-wide ELAs through the implementation of agency mandatory use policies • Develop two new government-wide

		IT70 contracts for HPE and Adobe for the specific product SKUs addressed to maximize savings potential as the savings are tied to volume-based discounts ● Identification and implementation of BIC government-wide contracts for major publishers will help achieve savings and reduce duplicative contracts across agencies ● Establish software SRM program ● Develop two new government-wide enterprise software agreements and post on the Acquistion Gateway	enterprise software agreements and post on the Acquisition Gateway	enterprise software agreements and post on the Acquisition Gateway
2	**"Well-managed" software agreement identification - work with agency software managers to identify "well-managed" software agreements (SUM defined Tier 1 and Tier 2) that could help meet KPI targets such as savings, SUM, and contract consolidation**	● Identification and assessment of "well managed" agreements against the Tier 2 SUM assessment criteria ● Provide quarterly reporting of agency progress against Tier 2 SUM evaluation criteria	● Identification and assessment of "well managed" agreements against the Tier 2 SUM assessment criteria ● Provide quarterly reporting of agency progress against Tier 2 SUM evaluation criteria	● Identification and assessment of "well managed" agreements against the Tier 2 SUM assessment criteria ● Provide quarterly reporting of agency progress against Tier 2 SUM evaluation criteria

3	**Market existing/ upcoming government-wide agreements - encourage agencies to utilize government-wide agreements - existing ESI/GSA SmartBUY agreements, HPE, Adobe, SAP, CGI, and Oracle. Work with OMB to identify which agreements are mandatory. For those that are mandatory, manage the waiver process**	• Use agency software managers group, CMLC and CIOC to promote existing and potential ELAs • Assessment of government-agreements • Determine target vehicles BIC and recommend mandatory usage • Provide mandatory agreements usage tracking reports: quarterly • Adjudicate agency waiver requests as required	• Use agency software managers group, CMLC and CIOC to promote existing and potential ELAs • Assessment of government-agreements • Determine target vehicles BIC and recommend mandatory usage • Provide mandatory agreements usage tracking reports: quarterly • Adjudicate agency waiver requests as required	• Use agency software managers group, CMLC and CIOC to promote existing and potential ELAs • Assessment of government-agreements • Determine target vehicles BIC and recommend mandatory usage • Provide mandatory agreements usage tracking reports: quarterly • Adjudicate agency waiver requests as required
4	**Develop new government-wide agreements - identify/ develop new government-wide agreements per the OMB software memo, including those that are mandatory and preferred. For those that are mandatory, manage the waiver process**	• Work with software managers to identify most critical software needs • Market research discussions with publishers/ resellers: ongoing • Identification of at least two new publishers for new agreements/ modification of existing agreements • Development of new agreements/ modifications to existing agreements	• Re-assessment of agencies' most critical software needs • Market research discussions with publishers/ resellers: ongoing • Identification of at least two new publishers for new agreements/ modification of existing agreements • Development of new agreements/ modifications to existing agreements	• Re-assessment of agencies' most critical software needs • Market research discussions with publishers/ resellers: ongoing • Identification of at least two new publishers for new agreements/ modification of existing agreements • Development of new agreements/ modifications to existing agreements

5	**Guide implementation of SAM - work with agencies to create a baseline inventory and implement ongoing SAM**	• Provide baseline guidance to agency software managers on a routine basis • Collect agency data on software inventories and contracts through via designated software managers and OMB quarterly IDC • Work with agencies to ensure software management tools are in place and utilization measurement capabilities employ software license management service capability	• Provide baseline guidance to agency software managers on a routine basis • Collect agency data on software inventories and contracts through via designated software managers and OMB quarterly IDC • Work with agencies to ensure software management tools are in place and utilization measurement capabilities	• Provide baseline guidance to agency software managers on a routine basis • Collect agency data on software inventories and contracts through via designated software managers and OMB quarterly IDC • Work with agencies to ensure software management tools are in place and utilization measurement capabilities
6	**Collect, publish, and market software acquisition and management best practices - identify best practice documentation (terms and conditions, pricing, etc.) that can be shared with agencies via the IT software hallway on the Acquisition Gateway and other channels**	• Collect software best practices information: quarterly • Communication out to agencies: quarterly	• Collect software best practices information: quarterly • Communication out to agencies: quarterly	• Collect software best practices information: quarterly • Communication out to agencies: quarterly
7	**Track and report KPIs**	• Develop baselines and methodologies • Develop data collection plan • Collect existing agency data • Report performance	• Adjust methodologies, as needed (e.g., baseline) • Collect data • Report performance	• Adjust methodologies, as needed (e.g., baseline) • Collect data • Report performance

9. IT Telecommunications

The current active initiative under the Telecommunications subcategory is the Mobile Services Category Team (MSCT). The MSCT was established in 2016 and was chartered by OFCIO. In addition, OFPP and OFCIO published M16-20 “Category Management Policy 16-3: Improving the Acquisition and Management of Common Information Technology: Mobile Devices and Services” in August 2016.

The MSCT identified the major operating principles of: “Standardization, Simplification, and Savings.” When the government standardizes their requirements to the maximum extent practical, and when acquisition vehicle providers continue to simplify the ability to procure existing and emerging solutions, savings are created for federal agencies across government. These include solution costs and transaction costs.

Through these guiding principles the following goals will be fulfilled, which are clear and consistent with category management principles:

- Maximizing business volume
- Receive and manage data
- Advocating for a strategically sourced approach
- Providing transparency
- Government-wide collaboration and execution

One of the challenges the MSCT recognizes, concerns available data, which is a primary tenant of category management. There is a recognized value in standardizing, securing, and sharing data across agencies as a way to properly manage a category. Sharing data will strengthen the ability to make intelligent and informed decisions, and the MSCT proposes both a structure and a mechanism to facilitate data-share in a simple and streamlined way.

These goals will be addressed by:

- Creation of a government-wide acquisition approach for carrier services that contain the costs associated with services and transactions through appropriately strategically sourced approaches
- Creating a data repository accessible by federal agency mobility personnel who are mobile leads and representatives of the MSCT
- Standardizing the way agencies collect data and share information
- Addressing sub-components of mobility by defining the space, creating technical requirements, identification of potential sources capable of addressing these subcomponents, and identifying the available existing procurement pathways by which to procure these products or services, either directly or through partnerships

Another significant undertaking in the telecommunications subcategory is the USG's transition from GSA's Networx and local services contracts to the Enterprise Infrastructure Solutions (EIS) contract beginning in FY17. USG spends approximately $2B annually through GSA's national and regional telecommunications contracts. The USG is currently planning for a complex transition of over 8 million line items on the Networx and local services contracts. GSA's telecommunications program has been able to leverage USG buying power, collect detailed prices paid data, benchmark pricing against commercial prices and demonstrate annual savings of $0.675B for government. The telecommunications program is governed by an interagency advisory group, and requirements for EIS were developed in conjunction with GSA's telecommunications customers. Government Accountability Office (GAO), congressional staff, and the federal CIO monitors the network services transition as it presents both significant opportunities as well as risk. Agencies have opportunities to modernize networks, take advantage of new technologies and services, improve the cybersecurity posture, and achieve significant cost savings through the use of the EIS program. OFCIO is monitoring transition through metrics to be implemented in Portfolio Stat and through regular discussions at the CIOC meetings. EIS will be working to obtain a BIC determination. During FY17 the IT category manager (CM) plans to recommend a preferred use policy to OFPP and OFCIO for EIS.

9.1 Spend Analysis

9.1.1 Category Scope

Using FPDS data, the telecommunications subcategory represents 3.2% of the overall IT spend at $1.8B and 9% of overall contract actions at 6,683 in FY15. Using other spend sources, the IT category manager believes the FPDS spend data for telecom is significantly under represented and the more likely spend is between $6B and $7B annually. The top five spending agencies for the subcategories represent 59% ($3.64B) of the $6.12B spend in FY15. The top five agencies include:

- Department of the Army - $1.087B
- Office of Secretary of Defense (OSD) - $0.796B
- Department of the Navy (DON) - $0.664B
- Department of Homeland Security (DHS) - $0.647B
- Department of the Air Force (AF) - $0.444B

The federal government spends approximately $1B annually on wireless carrier services and approximately 1.5M mobile devices. The largest agencies (24 CFO Act and cabinet level agencies) account for 85% of the total wireless spend. Small agencies (less than 100 employees), and medium sized agencies (999 employees to 100 employees), as defined by OPM), collectively, account for less than 9,000 units or 2% of total spend. The share of spend between large and small agencies is not dissimilar to other IT/telecom expenditures.

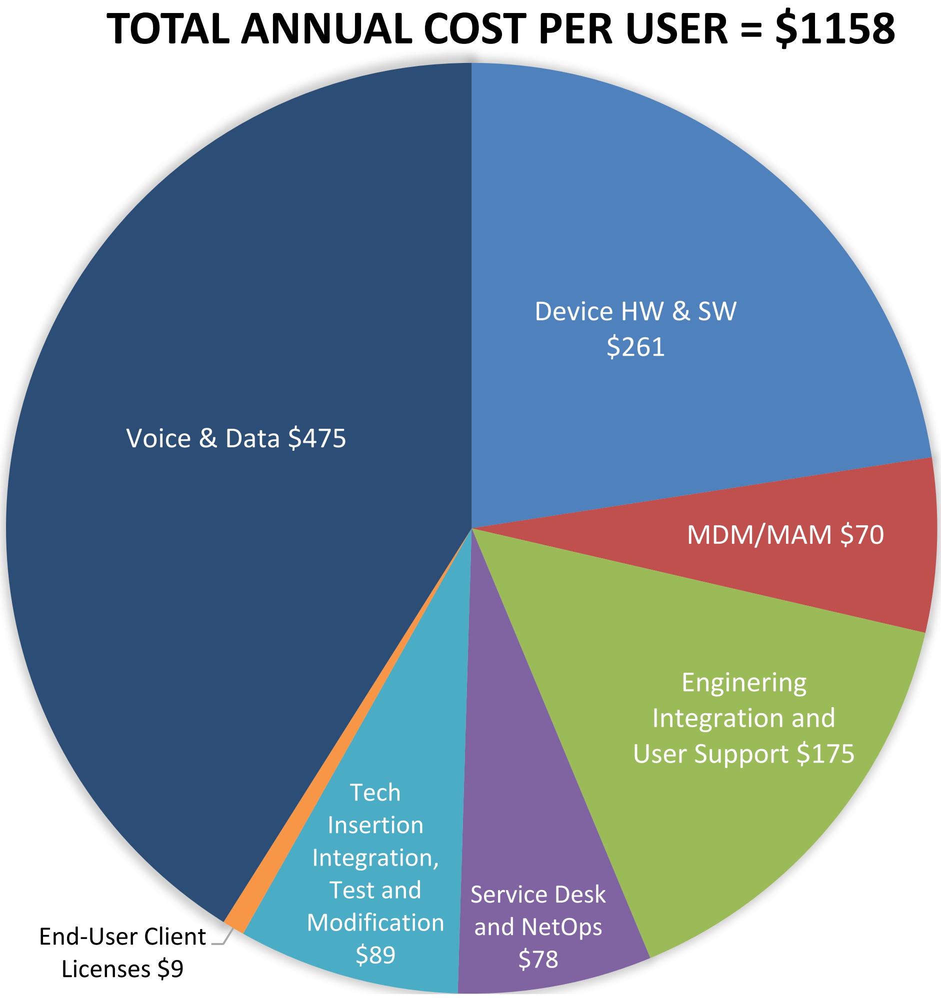
Table 6: IT Telecommunications Wireless Units Spend

Federal Government Agencies	Number	Estimated Wireless Units	Estimated Annual Spend
Very Large Agencies (CFO Act and Cabinet-Level	24	1,298,180	$792,197,625
Large Agencies (> 1,000 Employees)	22	222,618	$129,555,242
Medium Agencies (100-999 Employees)	17	7,019	$4,505,325
Small Independent Agencies (<100 Employees)	74	1,924	$1,358,685
Total	137	1,529,741	$927,616,877

Other Mobility Components

Enterprise mobility encompasses several categories. DoD, through the MSCT, provided a helpful framework of how their TCO for mobility products and services is defined and quantified.

Figure 1: IT Mobility Products and Services



However, the applicability of the DoD framework to general government has limitations, due to the specialized requirements, use cases, and accounting methods which are different from commercial business and general federal agency users.

To account for these differences, GSA reviewed TCO studies from Gartner, GSA, and DoD, to develop a composite view of the enterprise mobility spend. The following table summarizes the findings.

In aggregate, approximately 70% of core spending on mobility services is on a combination of wireless service plans, devices/hardware, and some form of mobility management software (including some aspects of security). We know that the future spend associated with mobility will include high growth in the security segment, which will shrink the ratio of the other components in relation to the total.

Determining the total cost of ownership for mobility is significantly harder than service plan costs, due to the differing definitions, limitations in cost accounting, and the enterprise nature of mobility that are combined with other IT components.

In addition, a GSA Enterprise Mobility analysis of OMB's 2015 federal IT budget on mobility-related keywords (e.g. "mobile," "wireless," "cellular,"), identified 91 separate projects in eleven agencies that totaled $0.9B in investments. Mobility and wireless expenditures were intermingled with IT project areas such as network management, IT infrastructure, and support services.

9.1.2 Baseline

A spend baseline for the mobility subcategory has been established at approximately $0.927B for FY15 based on an analysis of FPDS-NG data. This baseline has been used as the basis for defining the KPI metrics for the subcategory.

9.1.3 Data Management Challenges

The spend baseline and subsequent analyses that attempt to identify total current mobility contracts, including standalone contracts, current levels of SUM, and other important figures are based on FPDS-NG data only for the purposes of this plan. However, FPDS-NG presents a number of challenges particularly in the Mobility subcategory and tends to understate the total Federal-wide spend figure.

Table 7: Summary of Key IT Telecommunications Initiatives

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
1	**The development of a government-wide mobility acquisition vehicle**	• Assessment of alternative acquisition approach • Vendor engagement • Requirements development / agency input / follow BIC criteria • Validate for BIC criteria • Develop communications strategy	• Award mobility contract(s) • Monitor success of strategy/ vehicle(s) (measure performance, compliance, and effectiveness)	• Monitor success of strategy/ vehicle(s) (measure performance, compliance, and effectiveness)
2	**MSCT milestone roadmap implementation**	• Develop implementation plan • Track implementation progress • Make leadership	• Evaluate success and progress of plan • Develop additional out-	• Continuous evaluation of success and progress of plan • Develop

		aware of progress, risks, challenges	year objectives / revise roadmap	additional out-year objectives / revise roadmap
3	**Mobility contracts consolidation**	• Validate ease of access to BIC vehicle • Validate ease of use of BIC vehicle • Collect agency feedback/challenges • Develop communications strategy	• Continuous BIC evaluation for improvements • Ongoing agency feedback collection • Develop further communications	• Continuous BIC evaluation for improvements • Ongoing agency feedback collection • Develop further communications
4	**Optimize device inventory and service plans**	• Conduct analysis on existing inventory and service plans • Collect agency requirements/concerns • Conduct market research for commercial best practices • Engage with vendors • Ensure BIC vehicle includes correct mix of devices and service plans	• Continuous review and analysis of existing inventory and service plans • Continuous agency engagement • Continuous market research for commercial best practices • Continuous vendor engagement • Continuous review for optimal mix of devices and service plans	• Continuous review and analysis of existing inventory and service plans • Continuous agency engagement • Continuous market research for commercial best practices • Continuous vendor engagement • Continuous review for optimal mix of devices and service plans
5	**Track and report KPIs**	• Develop baselines and methodologies • Develop data collection plan • Collect existing agency data • Report performance	• Adjust methodologies, as needed (e.g., baseline) • Collect data • Report performance	• Adjust methodologies, as needed (e.g., baseline) • Collect data • Report performance
6	**Mobility projects (additional strategies to meet objectives)**	• Evaluate additional projects that support overall category objectives • Add projects to roadmap • Develop detailed plan to implement	• Continuous project evaluation • Add projects to roadmap • Develop detailed plan to implement	• Continuous project evaluation • Add projects to roadmap • Develop detailed plan to implement

7	**Transition to Enterprise Infrastructure Solutions**	• Agencies deliver transition plans to GSA • Agencies complete validation of network services inventory • GSA awards EIS • Agencies/GSA draft statements of work and task order requests • EIS targets BIC designation • IT CM drafts preferred use memo for OFPP/OFCIO signature	• GSA and agencies continue to develop solicitations and task order requests to transition to EIS	• Agencies work to complete transition NLT May 2020

10. IT Consulting

IT consulting provides IT delivery services for agencies, which covers a broad range of services and delivery areas. IT consulting is the second smallest IT subcategory and showed a slight increase in expenditure from $1B to $1.2B from FY13 to FY15. It is unclear whether this relatively small amount of expenditure is due to high levels of expenditure in other areas, such as IT outsourcing or within the professional services category. Clearly, there is significant expenditure related to labor within the IT category but what is unclear is what level of strategic/consultancy support is utilized and how this compares with more operational level support or application development type services.

A more detailed understanding of how labor is acquired and utilized is required in order to establish an appropriate subcategory strategy. A clear distinction is required to separate staff augmentation, strategic IT consulting advice, specialist skills and capabilities, application development and program/project management as; in general, labor can be acquired in many different ways, from different segments of the market.

10.1 Spend Analysis

10.1.1 Category Scope

The subcategory represents 2.3% of the overall IT spend at $1.2B and 2% of overall contract actions at 1,126 in FY15. The top five spending agencies for the subcategories represent 64% ($0.797B) of the total spend in FY15. The top five agencies include:

- Department of Health and Human Service (HHS) - $0.328B
- Department of Treasury - $0.174B
- Department of the Air Force (AF) - $0.128B

- Department of the Army - $0.1B
- Department of Justice (DOJ) - $0.067B

10.1.2 Baseline

A spend baseline for IT consulting has been established at approximately $1.2B for FY15 based on an analysis of FPDS-NG data. This baseline has been used as the basis for defining the KPI metrics for the subcategory.

10.1.3 Data Management Challenges

The spend baseline and subsequent analyses that attempts to identify total current IT consulting contracts, including standalone contracts, current levels of SUM, and other important statistics are based on FPDS-NG data only for the purposes of this plan. Additional data sources and refined text search quires in FPDS-NG will be analyzed to reduce any spend variance.

Table 8: Summary of Key IT Consulting Initiatives

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
1	**Establish subcategory team to begin the analysis of the IT consulting spend**	• Analyze opportunities in the Consulting subcategory • Establish spend baselines and KPI goals • Coordinate with Federal CIO on baseline requirements • Engagement to obtain high-level supplier management information (FY16)	• Increase SUM and savings • Continue discussions with industry to reduce costs and improve capabilities • BIC contracts approved	
2	**Market existing/ upcoming government-wide agreements - encourage agencies to utilize government-wide agreements - work with OMB to**	• Assessment of government-agreements • Determine target vehicles BIC and recommend mandatory usage	• Assessment of government-agreements • Determine target vehicles BIC and recommend mandatory usage • Provide	• Assessment of government-agreements • Determine target vehicles BIC and recommend mandatory usage • Provide

	identify which agreements are mandatory. For those that are mandatory, manage the waiver process	• Provide mandatory agreements usage tracking reports: quarterly • Adjudicate agency waiver requests as required	mandatory agreements usage tracking reports: quarterly • Adjudicate agency waiver requests as required	mandatory agreements usage tracking reports: quarterly • Adjudicate agency waiver requests as required
3	**Track and report KPIs**	• Develop baselines and methodologies • Develop data collection plan • Collect existing agency data • Report performance	• Adjust methodologies, as needed (e.g., baseline) • Collect data • Report performance	• Adjust methodologies, as needed (e.g., baseline) • Collect data • Report performance

11. IT Cybersecurity

Currently, White House initiatives and policies like the Cybersecurity Implementation Plan (CSIP) and the CNAP, are the major driving forces for developing services within the IT security subcategory. Although cyber was recorded in FY15 as $0.880B, cyber expenditures are expected to increase significantly and may lead to growth opportunities related to U.S. enterprise cybersecurity modernization efforts.

Cybersecurity offers both a vertical and a horizontal market opportunity. Vertical opportunities include specifically defined cyber-related products and services. Programs like DHS's CDM program, OMB's initiative for a single network supporting small agencies, GSA's Highly Adaptive Cybersecurity Services (HACS) program, DHS' High Value Asset (HVA) assessments, implementation of Trusted Internet Connection (TIC) solutions, Supply Chain Risk Management (SCRM), and tackling counterfeit products and services, are examples of vertical opportunities for the cybersecurity subcategory. Horizontal opportunities include cross category and cyber-related policy initiatives, updated cybersecurity-related standards, etc. The government-wide cybersecurity subcategory will work closely with OMB, NIST, DHS, GSA, and others to ensure there is a category overlay on critical government-wide initiatives.

The following are IT cybersecurity subcategory constraints:

- **Government-wide Market:** A deep dive of PSC 5810 "Communications Security Equipment and Components" and PSC 5811 "Other Cryptologic Equipment and Components" reveals that these products are managed by the National Security Agency (NSA) and Defense Information Systems Agency (DISA). Transparency is limited due to security clearance requirements. National security concerns may prevent a comprehensive approach.

- **Supply Chain Risk Management:** DoD has expressed concern regarding SCRM that may affect their and other GSA customers' desire to purchase through GSA's contracts. To address the risks associated with untrustworthy products and vendors entering the supply chain, the IT cybersecurity subcategory is implementing an SCRM Program. Initiatives in FY17 and beyond will seek to build appropriate process transparency and foster increasingly trustworthy relationships throughout the government supply chain.
- **Cybersecurity Environment Rapidly Evolving:** The rapidly evolving cybersecurity environment is causing confusion around what security items are under which contracts, and may result in agencies not finding what they need. CNAP and CSIP activities are driving improvements in access to information about the availability of cyber products and services, qualified vendors and available vehicles. There is a government-wide taxonomy initiative aligning cybersecurity products/services with the National Institute for Standards and Technology (NIST) Cybersecurity Framework, which should facilitate market management and improve, find, and buy from approved and BIC sources.
- **Small Business Utilization Challenge:** There are relatively few small businesses offering the complete capabilities required for all of today's cybersecurity efforts. While small business utilization (SBU) has increased with cyber-spend overall, small businesses will likely need to continue to partner on large business subcontracts in order to meet the requirements of large scale efforts, such as managing network security systems. An area where small businesses may be able to stand alone, could be in areas related to boutique consulting functions that offer highly specialized advice addressing specific problems, like penetration testing.

11.1 Spend Analysis

11.1.1 Category Scope

The cybersecurity subcategory represents 1.6% of the overall IT spend at $0.880B and 2% of overall contract actions at 1,699 in FY15. The top five spending agencies for the subcategories represent 60% ($0.834B) of the total spend in FY15. The top five agencies include:

- Department of the Army - $0.495B
- Department of the Air Force (AF) - $0.164B
- Department of the Navy (DON) - $0.089B
- Office of Secretary of Defense (OSD) - $0.057B
- Department of Homeland Security (DHS) - $0.029B

11.1.2 Baseline

A spend baseline for consulting has been established at approximately $0.088B for FY15 based on an analysis of FPDS-NG data. This baseline has been used as the basis for defining the KPI metrics for the subcategory.

11.1.3 Data Management Challenges

The spend baseline and subsequent analyses that attempts to identify total current IT cybersecurity contracts, including standalone contracts, current levels of SUM, and other important statistics are based on FPDS-NG data only for the purposes of this plan. Additional data sources and refined text search queries in FPDS-NG will be analyzed to reduce any spend variance.

Table 9: Summary of Key IT Cybersecurity Initiatives

<table>
<tr><th rowspan="2">No</th><th rowspan="2">Initiative</th><th colspan="3">Key Milestone Delivery Dates</th></tr>
<tr><th>FY17</th><th>FY18</th><th>FY19</th></tr>
<tr><td>1</td><td>Establish subcategory team to begin the analysis of the IT cybersecurity spend</td><td>• Establish subcategory initiative charter
• Establish spend baselines and KPI goals
• Assess status of agency efforts and contract status
• Continue to work with federal CIO on baseline requirements
• Engagement to obtain high-level supplier management information</td><td>• Increase SUM and savings
• Continue discussions with industry to reduce costs and improve capabilities
• BIC contracts approved</td><td></td></tr>
<tr><td>2</td><td>Market existing/ upcoming government-wide agreements - encourage agencies to utilize government-wide agreements - work with OMB to identify which agreements are mandatory. For those that are mandatory, manage the waiver process</td><td>• Assessment of government-agreements
• Determine target vehicles BIC and recommend mandatory usage
• Provide mandatory agreements usage tracking reports: quarterly
• Adjudicate agency waiver requests as</td><td>• Assessment of government-agreements
• Determine target vehicles BIC and recommend mandatory usage
• Provide mandatory agreements usage tracking reports: quarterly
• Adjudicate agency</td><td>• Assessment of government-agreements
• Determine target vehicles BIC and recommend mandatory usage
• Provide mandatory agreements usage tracking</td></tr>
</table>

		required	waiver requests as required	reports: quarterly • Adjudicate agency waiver requests as required
3	**Track and report KPIs**	• Develop baselines and methodologies • Develop data collection plan • Collect existing agency data • Report performance	• Adjust methodologies, as needed (e.g., baseline) • Collect data • Report performance	• Adjust methodologies, as needed (e.g., baseline) • Collect data • Report performance

12. Summary of KPI Initiatives and Goals

Table 10: Key Initiatives and KPI Goals

Initiative	Targeted Spend	KPI Goals			
		KPI	FY17	FY18	FY19
• **The implementation of the laptop/desktop policy memo, which will include additional BIC designated DoD and civilian contract programs** • **The implementation of the government-wide consolidated mobility services and device strategy within the telecommunications subcategory** • **The transition of government spend into the new government-wide software enterprise license agreements, and the implementation of GSAs Software Licensing Management Service (SLIMS)** • **The targeting of BIC classification of contracts, to include:** o **DoD** - USMC/MCHS, DON/NGEN and Wireless (2017 Award), Army/CHESS, AF/ITCC	$51.2B	**Savings**	$0.575B (7.5% of Increase SUM FY17 Goal)	$0.959B (7.5% of Increase SUM FY18 Goal)	$1.34B (7.5% of Increase SUM FY19 Goal)
		SUM	$5.11B FY Increase $7.67B Total (15% of FY15 overall category spend not already captured in FY16)	$5.12B FY Increase $12.79B Total (25% of FY15 overall category spend not already captured in FY16)	$5.12B FY Increase $17.90B Total (35% of FY15 overall category spend not already captured in FY16)
		Contract Reduction	Definitive Contracts -604 Orders/BPA Calls -1,118 Stand Alone Orders -5,584 *(10% of FY15 Baseline contract count)*	Definitive Contracts -1,208 Orders/BPA Calls -2,236 Stand Alone Orders -11,168 *(20% of FY15 Baseline contract count)*	Definitive Contracts -2,114 Orders/BPA Calls -3,910 Stand Alone Orders -19,543 *(35% of FY15 Baseline contract count)*

<table>
<tr><td rowspan="2">
<li style="list-style:none">Vehicles and NetCents
<li style="list-style:circle">Civilian - VA/CEC; DHS/FirstSource, Eagle, CMaaS and CDM; GSA Schedule 70, (Hardware, Software, Outsourcing, Cybersecurity) Networx and all GWACs; NASA SEWP; HHS NITAAC GWACs
Establish an IT outsourcing functional team that will develop a government-wide cloud-based enterprise email solution
Award of the Alliant II, services contract and obtain BIC designation
Award of EIS, and obtain BIC designation
Expansion of USAccess, to multiple agencies representing hundreds of thousands of credentials (as directed by OMB) and rolling admission for HACS SINs are both in support of cybersecurity
</td>
<td></td><td>Small Business</td><td>23%
(FY15 baseline)</td><td>23%
(FY15 baseline)</td><td>23%
(FY15 baseline)</td></tr>
<tr><td></td><td>Acquisitio n Gateway</td><td>1,000 purposeful visits</td><td>3,000 purposeful visits</td><td>5,000 purposeful visit</td></tr>
</table>

FY 2017- FY 2019 Government-Wide Category Strategic Plan

Version 2.0

Transportation and Logistics Services

Lisa A. Roberts, Category Manager

November 2016

Table of Contents

1. Approvals and Concurrences

Approvals:

11.29.16

Lisa A. Roberts

Category Manager

Transportation and Logistics Services

Date

11/23/16

Lesley Field, Acting U.S. Chief Acquisition Officer,

Office of Management and Budget / CMLC Chair

Date

2. Executive Summary

The purpose of category management is to drive a fundamental shift from managing purchases and price individually across thousands of procurement units to managing entire government-wide categories of common spend and total cost.

Transportation and Logistics Services has been identified as one of the ten common spend categories across the federal government. This category encompasses the processes of planning, acquiring, implementing, and managing the efficient and effective transportation and storage of goods including services, and related information from the point of origin to the point of consumption for the purpose of conforming to customer requirements. In Fiscal Year (FY) 2015, federal agencies spent $25.6B for Transportation and Logistics Services, as reported in the Federal Procurement Data System – Next Generation (FPDS-NG).

The purpose of this Version 2.0 strategic plan is to establish the vision for Transportation and Logistics Services category management activities for the next three fiscal years (FY17 – FY19). This plan includes establishing the scope of the category baseline, changes since the Version 1.0 strategic plan, category management initiatives and actions that will be pursued, and the key performance indicators (KPIs) that will be affected by these activities. As additional data sources and contract/program information is received, these initiatives and KPIs will be refined through future updates to this plan. In addition, it is worthwhile to note that spend and associated savings for several of the subcategories may change due to market conditions, price indices, and other factors.

The taxonomy for the Transportation and Logistics Services structure, as determined by the Office of Federal Procurement Policy (OFPP), includes the following six subcategories that encompass the overall spend for this category:

1) <u>Fuels</u> – (Fuels, Liquid Propellants, and Fuel Oils)
2) <u>Logistics Support Services</u> – (Operation of Warehouse and Storage Facilities, Motor Pool, Packing and Crating, and Relocation Transportation)
3) <u>Transportation of Things</u> – (Air, Motor, Rail and Vessel Freight; Air, Motor, Rail and Marine Charter; Space Launch; Stevedoring; and Security Vehicles)
4) <u>Motor Vehicles (non-combat)</u> – (Ground, Passenger, Truck and Truck Tractors; Inspection, Maintenance, Modification, and Installation of equipment)
5) <u>Package Delivery and Packaging</u> – (Packaging, Shipping, Containers and Support)
6) <u>Transportation Equipment</u> – (Tractors, Locomotive, and Lease or Rental of Equipment)

Version 1.0 Strategic Plan:

In the Version 1.0 of the strategic plan, the Transportation & Logistics Services category team focused on two key initiatives for FY16. The first was *Package Delivery and Packaging,* because it represented an excellent opportunity for potential contract consolidation and adoption of Best-In-Class (BIC) acquisition vehicles by combining existing contracts into a single, government-wide small package shipping contract. The resulting effort is to create the Next Generation Delivery Service (NGDS) contract which was initiated in FY16 and will be awarded in FY17 with the contract period of performance through FY22. The second focus area for FY16 was in the Fuels subcategory. The team began the process of working with the existing Defense Logistics Agency (DLA) Fuels program to bring this focus area spend under management. This initiative is also expected to complete in FY17.

Version 2.0 Strategic Plan Initiatives:

The Transportation & Logistics Services strategy team is pursuing the following six major initiatives for the Version 2.0 strategic plan, which will take place over the course of FY17 – FY19:

- Recognize Spend Under Management (SUM) on the current DLA Fuels solution and pursue BIC designation for this government-wide program
- Conduct analyses of current federal motor vehicle fleet costs to facilitate and inform targeted agency-specific outreach to increase government-wide utilization of the existing General Services Administration (GSA) Vehicle Fleet lease program
- Recognize SUM on the current GSA Vehicle Fleet contracts and pursue BIC designation for this existing government-wide program
- Achieve SUM and BIC designation for the new NGDS contract, while increasing government-wide utilization and decreasing contract proliferation for small package shipping
- Coordinate with GSA and Department of Defense (DoD) to assess the entire scope of government-wide freight spend and identify optimization opportunities to achieve the appropriate mix of various freight transportation procurement vehicles (i.e., spot rates, tenders, contracts, and third party logistics services).

Category Goals and Objectives:

Through the execution of these key initiatives, the Transportation & Logistics Services category plans to drive significant positive change towards the government-wide category management goals. Specifically, by the end of FY19, the initiatives in this strategic plan are projected to increase SUM by $16.82B, drive $1.13B in savings, reduce category contract proliferation by 25%, increase category small business utilization by 3% up to 20%, and facilitate 1,100 purposeful visits to the Acquisition Gateway category hallway. In addition to these efforts, the category team will continue to pursue further data collection, research and analysis activities to identify opportunities for increased impact within other areas of large category spend, such as freight and motor vehicles. As further analyses are completed and opportunities quantified, this strategic plan will be updated to reflect the increased impact to the category management KPIs.

3. Spend Analysis

3.1. Category Scope and Highlights

Category spend for the Transportation and Logistics Services is summarized below. This includes the Level 2 category, the associated FY15 spend, and a high-level description of the subcategory:

The table below provides an overview of the Transportation and Logistics Services historical spend:

Subcategory	FY12	FY13	FY14	FY15
Fuels	$21.70B	$14.28B	$12.23B	$9.24B
Logistics Support Services	$11.76B	$10.36B	$6.45B	$6.58B
Motor Vehicles	$3.15B	$3.14B	$2.57B	$4.15B
Transportation of Things	$7.05B	$5.59B	$6.01B	$4.68B
Package Delivery and Packaging	$0.74B	$0.69B	$0.74B	$0.60B
Transportation Equipment	$0.70B	$0.36B	$0.37B	$0.46B

Table 3.1-1: Transportation and Logistics Services historical spend per Subcategory

The table below provides an overview of transportation and logistics services by subcategories, including FY15 spend, percent, top agency spenders, top vendors, and most frequently cited Product Service Codes (PSCs):

#	Subcategory (Spend in bold)	% of Cat Spend	Top 3 Agency Spenders	Top 3 Vendors	Top 3 PSC Codes

#	Subcategory (Spend in bold)	% of Cat Spend	Top 3 Agency Spenders	Top 3 Vendors	Top 3 PSC Codes
1	Fuels **$9.24B**	36%	DoD (Office of the Secretary of Defense (OSD and Army), Department of Energy (DOE)	Bahrain Petroleum Company, Equilon Ent., EXXON Mobil	**9130:** Liquid Propellants and Fuels, Petroleum base; **9140:** Fuel Oils; **9110:** Fuels Solid
2	Logistics Support Services **$6.58B**	25%	DoD (Army, Air Force, OSD)	Flour Intercontinental, Lockheed Martin, Sierra Nevada Corp	**R706:** Management Logistics Support; **V119:** Transportation Travel Relocation - Other; **S215:** Housekeeping, Warehousing, Storage
3	Transportation of Things **$4.68B**	18%	DoD (Air Force, Navy, OSD)	United Launch Services, American President Lines, Patriot Team	**V126:** Transportation Space Launch; **V124:** Marine Charter; **V115:** Vessel Freight
4	Motor Vehicles (Non-Combat) **$4.15B**	16%	DoD (Army), GSA, DOJ	AM General, Oshkosh Defense, Navistar Defense	**2320:** Trucks and Truck Tractors, Wheeled; **2310:** Passenger Motor Vehicles; **J023:** Maintenance, Repair, Rebuild of Equipment
5	Package Delivery and Packaging **$0.60B**	2%	Department of Veterans Affairs (VA), DoD (OSD, Army)	McKesson Specialty Distribution, United Parcel Service, Tri-Starr Management	**R604:** Support – Administrative Mailing/Distribution; **8145:** Specialized Shipping and

#	Subcategory (Spend in bold)	% of Cat Spend	Top 3 Agency Spenders	Top 3 Vendors	Top 3 PSC Codes
					Storage Containers; **8135:** Packages and Packing Bulk Materials
6	Transportation Equipment **$0.46B**	2%	DoD (Navy, Army, OSD)	Oshkosh Defense, Caterpillar Inc., Schutt Industries	**3990:** Materials Handling Equipment; **2330:** Trailers; **3950:** Winches, Hoists, Cranes and Derricks

Table 3.1-2: Transportation and Logistics Category Highlights

The small business trend for this category is contained in the table below, based on the Version 1.0 plan and FPDS as of August 29, 2016:

Fiscal Year	Percent
FY12	14.30%
FY13	12.79%
FY14	18.08%
FY15	16.5%

Table 3.1-3: Transportation and Logistics Small Business Trends

The table below describes the changes in scope for this category.

Changes in scope due to new initiatives and PSC reassignments:

Description of Change	Change in Scope ($M)
Removal Relocation Services (reassignment to Travel category)	- $1.5B
Addition of Air Charter (reassignment from Travel	+ $1.3B

category)	
Addition of government-wide tender spend	+ $3.0B

Table 3.1-4: Transportation and Logistics Scope Change Impacts

The following initiatives require additional analysis which will be part of the Version 2.0 strategy, but are also expected to affect the scope of this category:

- Removal of tactical vehicle spend from the Motor Vehicles subcategory
- Analysis of Logistics Support Services subcategory spend
- Removal of shipping materials and office products from the Package Delivery and Packaging subcategory
- Removal of security vehicles from scope (possible transition to Security category)

3.2. Baseline

The spend baseline for this category was accomplished using FY15 FPDS data as of 8/29/16.

Subcategory	FY15 Spend Baseline
Fuels	$9,226,720,111
Logistics Support Services	$6,516,885,151
Transportation of Things	$4,684,522,277
Motor Vehicles	$4,150,107,434
Package Delivery and Packaging	$600,964,303
Transportation Equipment	$462,068,228
FY15 Category Total	**$25,641,267,507**

Table 3.2-1: Transportation and Logistics Spend Baseline

3.3. Data Management Risks

The Transportation and Logistics Services category has three key data risks:

Risk 1:

- Initial infusion of USTRANSCOM Freight Tender Data into the Data-to-Decision (D2D) platform. A significant amount of spend within this subcategory is not included in FPDS-NG. Tender data is related to freight transportation spend
- Mitigation: Category team will leverage the contacts within DoD to pursue access to the DoD's primary freight program (because DoD is the largest Freight consumer)

Risk 2:

- Obtaining vehicle fleet data and establishing recurring updates to import data into D2D platform.
- Mitigation: Category team will work with Office of Management and Budget (OMB) and the category manager to support this government-wide category management program and the data needs

Risk 3:

- Separating recurring spend from unique, one-time expenses that are driven by external events, market forces, or political factors, and are therefore unable to be controlled or affected by category management activities.
- Mitigation: Category team will regularly identify and research unexpected outliers or spikes in spend, to analyze the root cause and determine if potential improvements can be achieved through category management.

4. KPIs

4.1. Program Targets

The following tables contain the high-level KPIs, initiative milestones, and individually focused initiative KPIs for the Transportation and Logistics Services category.

**Note: This category is faced with inherent market forces that create challenges with meeting the government-wide small business utilization goal of 23%, due to the limited supplier market within many of the largest subcategories (primarily Fuels, Motor Vehicles, and Transportation of Things). However, the category team remains persistent in pursuing opportunities to increase small business utilization.

Summary of KPIs

CAP Goal Metric	Initial Baseline FY15	FY16 Goal	FY17 Goal	FY18 Goal	FY19 Goal
Increase SUM* (cumulative)	$0	$.215B	$10.225B ($10.44B)	$.489B ($10.929B)	$.183B ($11.112B)
Achieve Savings (cumulative)	$0	$.055B	$.332B ($.387B)	$.432B ($.819B)	$.392B ($1.211B)
Reduce Contract Duplication	28,438	No Change	25,594 (10% reduction)	22,750 (20% reduction)	21,348 (25% reduction)
Small Business Utilization	16.5%	17.2%	17%	18%	19%
Increase Acquisition Gateway Visits	N/A	128 Purposeful Visits	500 Purposeful Visits	800 Purposeful Visits	1,100 Purposeful Visits

Table 4.1-1: Transportation and Logistics KPI Summary

*OMB SUM information is located here:
https://hallways.cap.gsa.gov/information/SUM_Maturity_Model_Matrix_9-22-2015.pdf

Summary of Initiatives

#	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19

<table>
<tr><th rowspan="2">#</th><th>Initiative</th><th colspan="3">Key Milestone Delivery Dates</th></tr>
<tr><th></th><th>FY17</th><th>FY18</th><th>FY19</th></tr>
<tr><td>1</td><td>Fuels
Designate DLA Fuels program as a BIC solution; achieve Tier 3 SUM and associated savings for existing DLA Fuels solution
Spend in scope for this initiative: $9.23B</td><td>Initiate formal category management BIC assessment and approval process for existing DLA Fuels solution (Q1)
Develop savings methodology associated with the DLA Fuels solution, to measure savings achieved through this program (Q1)
Post relevant fuels solicitation information to Acquisition Gateway Solution Finder (Q2)
Review criteria for reaching Tier 3 of the OMB SUM maturity model, and address all remaining requirements for DLA Fuels program to pursue Tier 3 (Q3)
Achieve designation for DLA Fuels program as a BIC solution for category management (Q4)</td><td>Send formal communication to agencies and to encourage BIC usage
Explore opportunity to develop a policy to channel fuels spend through BIC solution
Execute new policy or memorandum of usage to key stakeholders (Q4)
Conduct outreach to agencies with less than 10,000 gallons annual requirement, for potential use of the BIC solution</td><td>Continually update Acquisition Gateway content to reflect current DLA Fuels program information and category management performance metrics (Q4)</td></tr>
</table>

#	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
2	**Motor Vehicles (noncombat)** • Conduct analyses of current federal motor vehicle fleet costs to facilitate and inform targeted agency-specific outreach to increase Government-wide utilization of the existing GSA Vehicle Fleet lease program • Spend in scope for this initiative: $.950B	• Develop briefing to share with agencies about the potential opportunities, benefits, challenges, and risks of vehicle migration to the GSA Fleet program (Q1) • Review GSA Fleet contract information, pricing data, and Government-wide fleet metrics to identify opportunities for agencies to increase savings by migrating to the GSA leasing program (Q2) • Develop a Total Cost of Ownership (TCO) model for vehicle expenses and share with agencies to ensure everyone is calculating total costs using the same methodology as GSA (Q3) • Conduct outreach to high-opportunity agencies from GSA's government fleet data and discuss requirements / potential issues with centralization of leasing and maintenance (GSA lease contract and pricing information, commercial best practices government fleet data) (Q4)	• Create an online comparison tool to be added to the Transportation and Logistics Acquisition Gateway Hallway which will allow agencies to make buy vs. lease decisions (Q2) • Continue outreach to agencies to discuss requirements / potential issues with centralization of leasing and maintenance (GSA lease contract and pricing information, commercial best practices government fleet data) (Q4)	Continue outreach to agencies to discuss requirements / potential issues with centralization of leasing and maintenance (GSA lease contract and pricing information, commercial best practices government fleet data) (Q4)

#	Initiative	Key Milestone Delivery Dates		
		FY17	**FY18**	**FY19**
3	**Motor Vehicles** • Bring GSA Vehicle Fleet program spend under managemen t • Spend in scope for this initiative: $1.42B	• Establish a motor vehicle sub-team within the Transportation and Logistics Services category (Q1) • Engage motor vehicle sub-team to determine strategy and opportunities to shape potential policy (Q2) • Initiate formal category management BIC assessment and approval process for existing GSA Fleet program (Q1) • Validate existing savings methodology associated with the GSA Fleet program and measure category management savings achieved through this program (Q2) • Review criteria for reaching Tier 3 of the OMB SUM maturity model, and address all remaining requirements for GSA Fleet program to pursue Tier 3 (Q3) • Achieve designation for GSA Fleet program as a BIC Category Management policy solution (Q4)	Continually update Acquisition Gateway content to reflect current GSA Fleet program information and category management performance metrics (Q4)	Continually update Acquisition Gateway content to reflect current GSA Fleet program information and category management performance metrics (Q4)

#	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
4	**Package Delivery and Packaging** • Implement Next Generation Delivery Service (NGDS) strategy to consolidate government-wide small package shipping and bring spend under mgt (continuation from the Version 1.0 plan) • Spend in scope for this initiative: $.358B	• Establish a joint Program Management Office (PMO) with a dedicated services acquisition manager, and establish required agreement between DoD and GSA (Q1) • Design and implement the processes necessary to support NGDS governance, schedule, financial and performance tracking, risk, resource management, quality, communications, and supplier oversight activities (Q1) • Complete final evaluation of NGDS proposals and award contract (Q2) • Complete formal category management BIC assessment and approval process for NGDS contract (Q4) • Review criteria for reaching Tier 3 of the OMB SUM maturity model, and address all remaining requirements for NGDS contract to pursue Tier 3 (Q4)	• Implement OMB mandatory use policy for NGDS contract (Q1) • Implement NGDS (Q1) • Monitor continuation of using FSSI DDS dashboard and final location of the tool (e.g., on Acquisition Gateway) (Q1) • Create targeted campaigns to move any remaining small package delivery spend to NGDS (Q4)	Monitor NGDS program performance and metrics (Q4)

#	Initiative	Key Milestone Delivery Dates		
		FY17	**FY18**	**FY19**
5	**Transportation of Things** • Assess government-wide freight spend and identify opportunities to improve spend and demand mgt • Spend in scope for this initiative: TBD	• Work with DoD and GSA freight programs to obtain access to tender spend data (Q2) • Determine approach to collect and consolidate tender spend data from DoD and GSA systems (Q3) • Assess the maturity of existing tender/freight contracts for SUM (Q4)	• Conduct an analysis on freight spend to determine if savings and contract reduction opportunities exist (Q1) • Explore the use of available procurement vehicles such as spot rates, tenders, contracts, and third party logistics services to meet government-wide freight needs (Q2). • Establish an approach for centralizing freight demand management (Q3) • Explore potential for policy to drive tender spend visibility and contract centralization (Q4)	• Implement identified freight data visibility and spend/demand centralization opportunities based on freight spend and policy analysis (Q4) • Implement identified freight transportation optimization opportunities (Q4)

Table 4.1-2: Transportation and Logistics Key KPI Milestone Dates

Initiatives and Targets

#	Initiative	Targeted Spend	KPI Targets			
			KPI	**FY17**	**FY18**	**FY19**
1	**Fuels** • Designate DLA Fuels program as a BIC solution; achieve Tier 3 SUM and associated savings for existing DLA Fuels solution	$9.23B	**SUM**	$8.68B	$0	$0
			Savings	$.015B	$.015B	$.015B
			Contract Reduction	N/A[2]	N/A	N/A
			Small Business	21.3%	21.3%	21.3%
			Acquisition Gateway	400	600	900
2	**Motor Vehicles** • Conduct analyses of current federal motor vehicles fleet costs to facilitate and inform targeted agency-specific outreach to increase government-wide utilization of the existing GSA Vehicle Fleet lease program	$.950B	**SUM**	$0	$.167B	$.147B
			Savings	$0	$.079B	$.067B
			Contract Reduction	N/A	695	610
			Small Business	Maintain or increase FY15 13.7%	Maintain or increase FY15 13.7%	Maintain or increase FY15 13.7%
			Acquisition Gateway	N/A	N/A	N/A
3	**Motor Vehicles** • Bring GSA Vehicle Fleet program spend	$1.42B	**SUM**	$1.42B	$0	$0
			Savings	$.306B	$.306B	$.306B

[2] DLA Fuels team has increased government-wide program utilization to 94% and does not see opportunity for further usage increases at this time

#	Initiative	Targeted Spend	KPI Targets			
			KPI	**FY17**	**FY18**	**FY19**
	under management		**Contract Reduction**	N/A	N/A	N/A
			Small Business	N/A	N/A	N/A
			Acquisition Gateway	N/A	100	100
4	**Package Delivery and Packaging** • NGDS strategy from Version 1.0 plan	$.358B (Overall L2 is $.6B)	**SUM**	$.125B	$.322B	$.036B
			Savings	$.026B	$.032B	$.004B
			Contract Reduction	N/A	Reduce number of contracts by 90% by 9/2017 (258)	Reduce remaining 10% of contracts by 9/2018 (30)
			Small Business	N/A	23%	23%
			Acquisition Gateway	100	100	100
5	**Transportation of Things** • Assess government-wide freight spend	Awaiting data to develop oppor-tunity	**SUM**	Awaiting data to develop opportunity analysis	Awaiting data to develop opportunity analysis	Awaiting data to develop opportunity analysis

#	Initiative	Targeted Spend	KPI Targets			
			KPI	FY17	FY18	FY19
	and identify opportunities to improve spend and demand management	analysis	**Savings**	Awaiting data to develop opportunity analysis	Awaiting data to develop opportunity analysis	Awaiting data to develop opportunity analysis
			Contract Reduction	Awaiting data to develop opportunity analysis	Awaiting data to develop opportunity analysis	Awaiting data to develop opportunity analysis
			Small Business	Awaiting data to develop opportunity analysis	Awaiting data to develop opportunity analysis	Awaiting data to develop opportunity analysis
			Acquisition Gateway	Awaiting data to develop opportunity analysis	Awaiting data to develop opportunity analysis	Awaiting data to develop opportunity analysis

Table 4.1-3: Transportation and Logistics Initiatives and Targets

4.2. Category Specific Targets

The following key category specific initiatives require additional analysis prior to determining KPI impact (if any).

Summary of Category-Specific KPIs; Across All Subcategories

Category-Specific Goal Metric	Initial Baseline	FY17 Goal	FY18 Goal	FY19 Goal
Motor Vehicles: PSC decomposition - Remove tactical vehicle spend from Motor Vehicle subcategory data	N/A	• Meet with PMO data team to discuss and formalize criteria and methodology that will be used to remove tactical vehicle spend from Motor Vehicle subcategory (Q1) • PMO data team completes analysis and decomposition of Motor Vehicle subcategory (Q2) • Review results of decomposition analysis to assess the impact of removing tactical vehicles from category baseline (Q4)	Redefine and document new category scope after analysis (Q2)	Track PSC codes and metrics to ensure spend is coded per criteria defined in this subcategory (Q4)

Category-Specific Goal Metric	Initial Baseline	FY17 Goal	FY18 Goal	FY19 Goal
Logistics and Support Services – Review content of PSC's within the Logistics Support Services subcategory to either determine if category management initiative opportunities exist or shift to other categories	N/A	• Meet with PMO data team to discuss and formalize criteria and methodology that will be used to develop a detailed "next-level" categorization of spend within the Logistics Support Services subcategory (Q2) • PMO Data Team completes analysis and decomposition of Logistics Support Services subcategory (Q4) Formalize the "next-level" classification for spend assigned to Logistics Support Services subcategory (Q4)	• Review results of decomposition analysis and analyze subcategory spend to determine if additional category management initiative opportunities exist within the new sub-classifications (Q2) Assess potential for realigning PSC codes based on this decomposition analysis and coordinate changes with OMB (Q4)	Identify potential areas for training of contracting officers on new PSC selection guidance (Q2)

Category-Specific Goal Metric	Initial Baseline	FY17 Goal	FY18 Goal	FY19 Goal
Package Delivery and Packaging – Realign shipping materials to the Industrial Products and Services category	N/A	• Meet with PMO data team to discuss and formalize criteria and methodology that will be used to isolate shipping materials and office supplies spend within Package Delivery and Packaging subcategory (Q2) • PMO data team completes analysis and decomposition of Package Delivery and Packaging subcategory (Q4)	• Review results of decomposition analysis to assess the impact of removing shipping materials from category baseline (Q1) • Investigate feasibility of reassigning shipping materials to the Industrial Products and Services category due to greater synergies (Q2) • Develop requirements for PSC realignment and coordinate update with OMB (Q4)	• Redefine and document new category scope after competition of analysis (Q4)

Category-Specific Goal Metric	Initial Baseline	FY17 Goal	FY18 Goal	FY19 Goal
Transportation of Things – Realign relocation services – Data drill-down on travel related PSCs within subcategory for potential transfer to the Travel category	N/A	• Meet with PMO data team to discuss and formalize criteria and methodology that will be used to isolate relocation services spend within Transportation of Things subcategory (Q1) • PMO data team completes analysis and decomposition of Transportation of Things subcategory (Q3) • Review results of decomposition analysis to assess the impact of removing relocation services from category baseline (Q4)	• Develop requirements for realignment of relocation services to the Travel category and coordinate update with OMB (Q2) • Redefine and document new category scope after competition of analysis (Q3)	Continue to track PSC's to ensure proper codes are being utilized

Table 4.2-1: Transportation and Logistics Category-Specific Targets and KPIs

FY 2016 Government-Wide Category Strategic Plan

Version 2.0

Industrial Products and Services

George Prochaska

November 2016

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1. Approvals and Concurrences

Concurrence of Interagency Team Members:

Category Team Member

Category Team Member

Category Team Member

Category Team Member

Approval:

11/29/2016

George Prochaska
Government-wide Industrial Products and Services Category Manager

11/23/16

Lesley Field, Acting U.S. Chief Acquisition Officer,
Office of Management and Budget / CMLC Chair

Date

2. Executive Summary

The purpose of category management is to drive a fundamental shift from managing purchases and pricing individually across thousands of procurement units to managing entire categories of common spend and total cost for significant enterprise-wide gains. Industrial Products and Services has been identified as one of the 10 common categories of spend across the federal government. Industrial Products and Services can include those goods and services used in the production of a final product (e.g., basic or raw materials and component parts) or support goods used in a production process (e.g., machinery and components, instruments, hardware or tools).

To date the category manager and the category team have led the strategic direction for the government-wide Industrial Products and Services category, developing and implementing the strategic plan Version 1.0 which was approved by the Office of Management and Budget (OMB) and the Category Management Leadership Council (CMLC), to drive spend under management (SUM), increase savings, and reduce contract duplication. The Industrial Products and Services category is divided into seven subcategories, which together accounted for **$11.25B** in government spend in FY15. The subcategories are diverse, with distinct drivers and vendor pools, and encompass over 300 Product Service Codes (PSCs).

The purpose of this strategic plan Version 2.0 is to establish the strategic direction for the Industrial Products and Services category management activities for the next three fiscal years (FY17 – FY19). This plan includes establishing the scope of the category baseline, changes since the previous strategic plan Version 1.0, category management initiatives and actions that will be pursued, and the key performance indicators (KPIs) that will be affected by these activities. As additional data sources and contract/program information is received, these initiatives and KPIs will be refined through future updates to this plan. The Version 2.0 plan outlines the key initiatives within the Industrial Products and Services category that are expected to contribute to the achievement of the KPIs as established by the President's Cross Agency Priority (CAP) Goal.

Version 1.0 Strategic Plan

Version 1.0 of the strategic plan included a high-level spend analysis and identified three subcategories of spend as the initial focus areas:

- Test & Measurement Supplies
- Industrial Products Install/Maintenance/Repair (IMRR)
- Fire/Rescue/Safety/Environmental Protection Equipment (FRSE)

Several broad initiatives in these subcategories were approved by the CMLC in June.

Version 2.0 Strategic Plan

Over the next three years, the team will broaden its focus to include exploring opportunities in some of the larger spend subcategories, such as Machinery & Components, Basic Materials, and Hardware & Tools. The following initiatives have been identified:

- Evaluate relevant General Services Administration (GSA) Schedules and Defense Logistics Agency (DLA) Prime Vendor contracts for best-in-class (BIC) designation
- Implement government-to-government (G2G) requisition process (Activity Address Code (AAC)/FEDSTRIP) pilot with Maintenance, Repair and Operations Supplies (MRO)/Janitorial and Sanitation Supplies (JanSan) top spenders (Veterans Administration (VA), Department of Justice (DOJ), Department of Homeland Security (DHS), Department of the Interior (DOI)) and Federal Acquisition Service (FAS)
- Work with the Department of Treasury (US Mint) and its key vendors to move its spend under management from Tier 0 to Tier 2
- Develop contract consolidation as a service via GSA Assisted Acquisition Services (AAS)/ Special Order Program (SOP) group and work with stakeholders in FY17 to identify three groups of contracts to explore as a pilot

Category Goals and Objectives: Through the execution of these key initiatives, the Industrial Products and Services category team plans to drive significant positive change towards the government-wide category management goals. Specifically, by the end of FY19, the initiatives in this strategic plan are projected to increase spend under management to $4.22B, drive $1.2B in cumulative savings, reduce category contract proliferation by 35%, target category Small Business utilization at 50%, and facilitate 500 purposeful visits to the Acquisition Gateway category hallway. In addition to these efforts, the category team will continue to pursue further data collection, research, and analysis activities to identify opportunities for increased impact within other areas of large category spend. As further analyses are completed and opportunities quantified, this strategic plan will be updated to reflect the increased impact to the category management KPIs.

3. Spend Analysis

3.1. Category Scope

In Year One of the category management effort, the Industrial Products and Services team has focused on Test & Measurement Supplies, Industrial Products Install/Maintenance/Repair (IMRR), and Fire/Rescue/Safety/Environmental Protection Equipment (FRSE), with a sub-team working on each subcategory in pursuit of the following broad initiatives:

- Data Analytics, including spend analysis and data mining in order to identify further areas of opportunity and systematically prioritize and execute action items. Current status: Sub-teams are reviewing additional spend analysis data; Project Management Office (PMO) data team has provided an initial file of credit card data that will be reviewed by the category team

- Strategic Sourcing, including use of government-wide and BIC contract vehicles to impact spend under management, reduction in contract duplication, and savings. Current status: Sub-teams are reviewing data on government-wide and BIC contract vehicles
- Supplier Engagement, including supplier outreach interviews and the development of Supplier Relationship Management (SRM) strategies. Current status: 20 supplier outreach calls conducted through August
- Demand Management, including increased Acquisition Gateway usage and expansion of the government-to-government (G2G) requisition process (AAC/FEDSTRIP). Current status: 260 purposeful visits to the Acquisition Gateway logged through October 16, due in part to release of blogs and articles; pilot locations identified for expansion of G2G requisition process (VA in Temple, TX and top spenders on MRO and JanSan)
    - Benefits of requisition-based ordering include:
        - Requisitions with GSA Global Supply are G2G transactions, a simple requisition between agencies
        - Reduced acquisition workload – GSA has already satisfied all Federal Acquisition Regulation (FAR) requirements, including trade agreement policies, socioeconomic goals, AbilityOne mandates, and executive orders
        - Reduced agency risk - GSA ensures compliance
        - Global Supply leveraging strategic sourcing to drive down pricing and delivery times, and improve order visibility and customer experience -- OS3, Jan San, MRO requisition channels
        - Volume discounts with OS3, JanSan, MRO requisition channels -- as use increases prices will improve even more, and will be passed on to customers as lower markups
        - Full range of ordering options – web (GSA Advantage! and GSA Global Supply ordering sites), phone, and FEDSTRIP/MILSTRIP requisitions
        - Payment via Department of Defense Activity Address Code (DODAAC), Civilian Activity Address Code (AAC), and/or government Purchase Card
        - Use of DODAAC/AAC with requisition model has additional benefits:
            - GSA integration with Department of Defense (DoD) and civilian financial systems
            - Reduced risk of misuse of purchase cards
            - Reduced administrative burden associated with purchase card reconciliation
            - Encourages use of government-wide solutions to manage agency spend -- AACs can only be used in G2G requisitions
- Small Business Utilization. Current status: regular participation of small business representative on sub-teams; meetings with Small Business Administration (SBA)
- Identification of potential BIC contract vehicles and driving utilization of them in order to enhance cross-government collaboration, improve spend under management, and

increase savings. Also, in subcategories that do not lend themselves to government-wide contracts or similar, focus on achieving category management to gain further attainment of higher tiers so that spend under management matures and savings are captured. Current status: MRO and JanSan Federal Strategic Sourcing Initiative (FSSI) contracts approved by category management team for BIC designation

For FY17 and beyond, the team will continue these efforts while broadening its focus to include exploring opportunities in some of the larger spend subcategories, such as Machinery & Components, Basic Materials, and Hardware & Tools.

Evaluating existing relevant GSA FSSI vehicles, GSA Schedules, and DLA Prime Vendor contracts for designation as BIC vehicles will be a primary focus in FY17, in order to increase spend under management (SUM) and resulting savings, two of the primary category management KPIs.

3.2. Baseline

The Industrial Products and Services category is divided into seven subcategories, which together accounted for $11.25B of spend in FY15. The subcategories are diverse, with distinct drivers and vendor pools, and encompass over 300 PSC codes and nearly 260,000 contracts. Spend is distributed across the subcategories as follows:

Table 3.1: Subcategory FY15 Spend

Subcategory	Associated Number of PSC Codes	FY15 Federal Procurement Data System (FPDS) Spend ($B)
Machinery & Components	111	3.02
Basic Materials	21	3.00
Test & Measurement Supplies	19	2.14
Industrial Products Install/Maintenance/Repair (IMRR)	101	1.26
Hardware & Tools	33	1.21
Fire/Rescue/Safety/Environmental Protection Equipment (FRSE)	6	0.61
Oils, Lubricants, and Waxes	2	0.01
Total		**11.25**

As an initial step in broadening the scope to include additional high-spend subcategories, such as Machinery & Components, Basic Materials, and Hardware & Tools, the team will conduct additional analysis in an effort to determine whether the DoD and Department of Treasury portions of the baseline spend in these subcategories are so specialized that they should be excluded. As a baseline, the preliminary OMB Spend Under Management (SUM) study indicated that the Industrial Products and Services category had $0 in existing SUM.

3.3. Data Management Challenges

Data management challenges include the following:

- Data completeness – a significant proportion of Industrial spend is on transactions for less than $3,500, which are not included in FPDS. P-card data has been requested, and the Industrial Products and Services category will be included in the second tranche
- Data cleansing – ensuring PSC codes are properly assigned to categories (for example, there may be overlap/misalignment between the Medical category and the Industrial Products Test & Measurement Supplies subcategory, as well as among Industrial Products and Facilities & Construction subcategories)
- Defining addressable baseline – evaluating whether DoD and Department of Treasury spend should be excluded

It will be important to resolve these issues, since baseline spend drives KPI calculations.

4. KPIs

4.1. Program Targets

The version 2.0 KPIs in the following table reflect the projected SUM and Savings results of the initiatives outlined in the following sections, as well as high-level goals for the other metrics.

Table 4.1: Summary of KPIs

CAP Goal Metric	Initial Baseline FY15	FY16 Goal	FY17 Goal	FY18 Goal	FY19 Goal
Increase SUM	$11.25B overall category spend	$114.1M in SUM by the end of CY16	$1.48B	$4.15B	$4.22B

Achieve Savings	$11.25B overall category spend	$17.4M by the end of CY16 (Initial Target FSSI Savings)	$126M Cumulative*: $143M	$507M Cumulative*: $650M	$513M Cumulative*: $1.2B
Reduce Contract Duplication	258,269	*FY16 Goal was established using a different contract metric*	232,442 *(Reduce FY15 Baseline contract count by 10%)*	206,615 *(Reduce FY15 Baseline contract count by 20%)*	167,875 *(Reduce FY15 Baseline contract count by 35%)*
Small Business Utilization	50%	50% *(FY15 baseline)*	50% *(FY15 baseline)*	50% *(FY15 baseline)*	50% *(FY15 baseline)*
Increase Acquisition Gateway Usage	0 purposeful visits	200 purposeful visits	300 purposeful visits	400 purposeful visits	500 purposeful visits

* For Cumulative Savings, each year's savings is added to the sum of the savings calculated for the previous years.

The following initiatives will be pursued across multiple subcategories of Industrial spend, with additional sub-teams to be established as necessary. These initiatives will drive achievement of the CAP goals for Industrial Products.

Table 4-2: Summary of Initiatives

	Initiative	Key Milestone Delivery Dates		
		FY17	**FY18**	**FY19**
1	**Evaluate relevant GSA Schedules and DLA Prime Vendor contracts for BIC designation:** • Complete BIC designation process for MRO and Jan San FSSI contracts	1Q17 – 2Q17: • Map identified candidate contracts to BIC criteria • Hold Subject Matter Expert (SME) meetings to review findings and assess results	Ongoing: • Track utilization of BIC vehicles • Develop additional tools/**policies** to steer spend to BIC vehicles, as needed • Market BIC vehicles to migrate spend from	Ongoing: • Track utilization of BIC vehicles • Develop additional tools/ policies to steer spend to BIC

	Initiative	Key Milestone Delivery Dates		
		FY17	**FY18**	**FY19**
	• DLA Prime Vendor contracts: o Fire & Emergency Services Equipment (FESE) o Special Operations Equipment (SOE) o MRO • GSA Schedules: o 51V – Hardware Superstore o 73 – Food Service, Hospitality, and Cleaning (includes cleaning products, equipment, and accessories)	• SME teams provide recommendations to leadership team • 2Q17 – 3Q17: • Hold leadership team meetings to evaluate SME team recommendations • Designate contracts as BIC, as appropriate • 4Q17: • Post and advertise vehicles on the Gateway • Develop outreach/ training plan on use of BIC vehicles	stand-alone contracts	vehicles, as needed
2	**Implement government-to-government (G2G) requisition process (AAC/FEDSTRIP) pilot with MRO/JanSan top spenders (VA, DOJ, DHS, DOI) and FAS.**	1Q17 • Coordinate with GSA's G2G team o Identify JanSan / MRO products • Build business case for opportunity • 2Q17 – 3Q17 • Review/address policy issues • Develop communications plan • Develop training materials • Engage stakeholders 4Q17 Develop roll-out schedule for MRO/ JanSan top spenders	1Q18 • Continue roll-out with MRO/JanSan top spenders Ongoing: • Monitor pilot activity and results • Use pilot results to inform further roll-out	Ongoing: • Monitor pilot activity and results • Use pilot results to inform further roll-out

<table>
<tr><th rowspan="2"></th><th rowspan="2">Initiative</th><th colspan="3">Key Milestone Delivery Dates</th></tr>
<tr><th>FY17</th><th>FY18</th><th>FY19</th></tr>
<tr><td></td><td></td><td>Roll out new process to MRO/JanSan top spenders</td><td></td><td></td></tr>
<tr><td>3</td><td>Work with the Department of Treasury (US Mint) and its key vendors to move its Spend Under Management from Tier 0 to Tier 2.

Understand Treasury’s key procurements, supply chain risk management, efforts to improve demand stability, metrics, efforts to reduce supply costs through BOAs and metal substitutions, and transactional data. (Basic Materials subcategory)</td><td>1Q17 – 2Q17
Develop communication strategy for approaching Treasury and Federal Reserve (integral to demand management)
Identify Treasury and Federal Reserve stakeholders
Meet with representatives from Treasury to develop plan for moving SUM from Tier 0 to Tier 1.
Conduct supplier outreach interviews with additional vendors
Hold additional meetings with stakeholders
Synthesize findings to identify opportunities for improvement or ongoing initiatives
2Q17 – 3Q17
Implement plan to move SUM from Tier</td><td>1Q18 – 2Q18
Meet with representatives from Treasury to develop plan for moving SUM from Tier 1 to Tier 2
Continue process of evaluating contracts for BIC/SUM Tier designation
Ongoing:
Gather data and track vendor performance
Share good practices across category
Assess opportunities for further management of spend
2Q18 – 3Q18
Implement plan to move SUM from Tier 1 to Tier 2
3Q18 – 4Q18
Ensure SUM has shifted from Tier 1 to Tier 2</td><td>Gather data and track vendor performance</td></tr>
</table>

<table>
<tr><th rowspan="2"></th><th rowspan="2">Initiative</th><th colspan="3">Key Milestone Delivery Dates</th></tr>
<tr><th>FY17</th><th>FY18</th><th>FY19</th></tr>
<tr><td></td><td></td><td>0 to Tier 1.
● Work with Treasury and Fed stakeholders to identify/confirm opportunities for improvement
● Evaluate current contract base re: Periods of Performance (PoPs), requirements

3Q17 – 4Q17
● Ensure SUM has shifted from Tier 0 to Tier 1.
● Evaluate current contracts for SUM Tier designation</td><td></td><td></td></tr>
<tr><td>4</td><td>Develop contract consolidation as a service via GSA AAS/SOP group

Work with stakeholders in FY17 to identify three groups of contracts to explore as a pilot</td><td>1Q17 – 2Q17:

● Identify stakeholders to explore contract consolidation pilot opportunities
● Develop communication strategy for stakeholder engagement
● Build business case for opportunity
● Establish and meet with working group
● Identify contracts to be considered for consolidation (PoP,</td><td>● Gather data and track vendor performance
● Monitor pilot activity and results
● Use pilot results to inform further roll-out
● Identify another contract consolidation target</td><td>● Gather data and track vendor performance
● Monitor pilot activity and results
● Use pilot results to inform further roll-out</td></tr>
</table>

	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
		requirements, etc.) 3Q17 – 4Q17: ● Once stakeholders agree, pursue new contract development process ● Award new, consolidated contract (may move to 1Q18 - 2Q18, depending on duration of stakeholder engagement process)		

Both the Version 1.0 initiatives already underway and the Version 2.0 initiatives outlined above will incorporate the following focus areas:

- **Small Business:** Relative to the other nine government-wide Categories, Industrial Products and Services has high small business utilization (50% overall in FY15). The category team is committed to maintaining high small business utilization in subcategories such as FRSE, the subcategory with the highest small business utilization rate (73% in FY15), as well as finding opportunities to improve small business utilization in other subcategories. A small business representative participates in team meetings. Category leadership has also met with representatives from the Small Business Administration to discuss ideas for improvement, including improvements to on-ramping and off-ramping strategies and processes for small businesses on existing and upcoming multi-vendor contracts. Every initiative will include analysis to understand and address small business participation.
- **Sustainability:** Promoting sustainable environmental stewardship is another important concern government-wide, and the Industrial Products category represents one of the biggest areas for the potential use of green products. The category team includes an environmental expert who will participate in each of the primary initiatives, including developing recommendations for minimizing the potential adverse environmental impact of any proposed strategies. The Industrial Products team has identified the use of reusable containers for shipping products as one sustainability area to explore further.

The team also will collaborate with the Environmental Protection Agency (EPA) to do GreenChecked assessments of the solutions listed in the category hallway in the Acquisition Gateway.

- **Supplier Relationship Management (SRM):** To initiate the process of developing a more formal SRM strategy, the category team has conducted 20 supplier outreach interviews with key suppliers. Half of these were small businesses. All of the contacted suppliers welcomed the opportunity to strengthen their working relationship with the government and were willing to provide feedback on the contracting process and the technology currently used to process new items and mods. The category team is compiling the findings from these interviews in order to identify next steps. The use of SRM techniques will be a key lever in achieving results through the identified initiatives. As part of its SRM efforts, the category team will establish a supplier council and participate in the government-wide category management SRM initiative.

The table below contains information on the impact on SUM and Savings associated with each initiative. For Acquisition Gateway utilization and Small Business utilization, the category team has developed overall category targets for FY17 through FY19. (See Table 4-1 above.) Reduction in contract duplication will also be addressed category-wide, rather than by individual initiative.

Table 4-3: Initiatives and Targets

<table>
<tr><th rowspan="2"></th><th rowspan="2">Initiative</th><th>Targeted Spend</th><th colspan="4">KPI Targets</th></tr>
<tr><th></th><th>KPI</th><th>FY17</th><th>FY18</th><th>FY19</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Evaluate relevant GSA Schedules and DLA Prime Vendor contracts for BIC designation
● MRO FSSI: $160M+ annual spend; FSSI savings projections
● JanSan FSSI: $31M+ annual spend; FSSI savings projections
● DLA Prime Vendor contracts:
o DLA FESE (Assumes all Industrial) = $330M+ annually
o DLA SOE (Assumes 50% Industrial) = $535M+ annually
o DLA MRO (Assumes 50% Industrial) = $255M+ annually
● GSA Schedules:
o Industrial spend on 51V = $144M in FY15
o Industrial spend on 73 = $12.5M in FY15
● Until another methodology is developed, using OMB’s 7.5% for potential savings rate on DLA contracts and GSA Schedules</td><td>$1.4B+</td><td>SUM</td><td>$1.47B</td><td>$1.53B</td><td>$1.59B</td></tr>
<tr><td></td><td>Savings *
(* savings dependent on computational savings method. A fraction of schedule 73 spend is mapped to IPS category)</td><td>$124M</td><td>$129M</td><td>$134M</td></tr>
</table>

	Initiative	Targeted Spend	KPI Targets			
			KPI	FY17	FY18	FY19
2	**Implement government-to-government (G2G) requisition process (AAC/FEDSTRIP) pilot with MRO/JanSan top spenders (VA, DOJ, DHS, DOI) and FAS.** ● Compliance and data benefits (not quantified) ● Get 7%, 10%, 12% of MRO/JanSan spend on G2G process over next 3 years (SUM and Savings allocated accordingly) ● Dependencies: Agencies agree to participate, conduct training, put policies in place, use discipline. For GSA, policy requiring credit card use must change to include G2G.	$200M+	**SUM**	$13.4M	$22.1M	$28.9M
			Savings	$1.96M	$3.1M	$3.96M
3	**Work with the Department of Treasury (US Mint) and its key vendors to move its Spend Under Management from Tier 0 to Tier 2.** **Understand Treasury's key procurements, supply chain risk management, efforts to improve demand stability, metrics, efforts to reduce supply costs through BOAs and metal substitutions, and transactional data. (Basic Materials subcategory)**	$2.6B (Treasury spend in sub-category)	**SUM**		$2.6B	$2.6B
			Savings		$375M	$375M

	Initiative	Targeted Spend	KPI Targets			
			KPI	**FY17**	**FY18**	**FY19**
	● Assumes Treasury Master Vehicle contracts eligible for SUM (Tier 1-2) ● Savings reflect average amount "returned to government" in recent years per information provided by Mint ● Dependencies: Treasury agrees to work with Industrial Products category management team					
4	**Develop contract consolidation as a service via GSA AAS/SOP group** ● Work with stakeholders in FY17 to identify three groups of contracts to explore as a pilot ● Dependencies: Stakeholders agree to consolidate contracts	TBD	**SUM**		TBD	TBD
			Savings		TBD	TBD
Totals Across Initiatives			**Total SUM**	**$1.48B**	**$4.15B**	**$4.22B**
			Total Savings	**$126M**	**$507M**	**$513M**

FY 2016 Government-Wide Category Strategic Plan

Version 2.0

Travel

Tim Burke

November, 2016

Table of Contents

1. Approvals and Concurrences

Concurrence of Interagency Team Members:

______________________________ ______________

Category Team Member Date

______________________________ ______________

Category Team Member Date

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Category Team Member Date

______________________________ ______________

Category Team Member Date

Approval:

TIMOTHY BURKE

Digitally signed by TIMOTHY BURKE
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Date: 2016.12.07 17:16:45 -05'00'

______________________________ ______________

Government-wide Travel Category Manager Date

Lesley A. Field

______________________________ _______11/23/16______

Lesley Field, Acting U.S. Chief Acquisition Officer Date
Office of Management and Budget / CMLC Chair

2. Executive Summary

The purpose of category management is to drive a fundamental shift from managing purchases and pricing individually across thousands of procurement units to managing entire categories of common spend and total cost for significant enterprise-wide gains. In the Version 1.0 strategic plan Travel and Lodging was identified as one of the 10 common categories of spend across the federal government. This category encompasses government-wide solutions including passenger air, ground transportation, car rental, lodging, end-to-end travel services and travel agency services. In FY16, the Office of Management and Budget (OMB) and the Category Management Leadership Council (CMLC) endorsed changing the category name to simply Travel. Thus, going forward in this strategic plan, the category will be referred to as the Travel category.

To date the Executive category manager has led the strategic direction for the government-wide Travel category; developing and implementing the strategic plan Version1.0 which was approved by OMB and the CMLC, to drive Spend Under Management (SUM), increase savings and reduce contract duplication. Interagency working groups have been established and the Senior Travel Officials Council has been engaged in government-wide category initiatives including formally beginning the process to potentially designate the City Pair air program and the FedRooms lodging program as government-wide Best-in-Class (BIC) solutions.

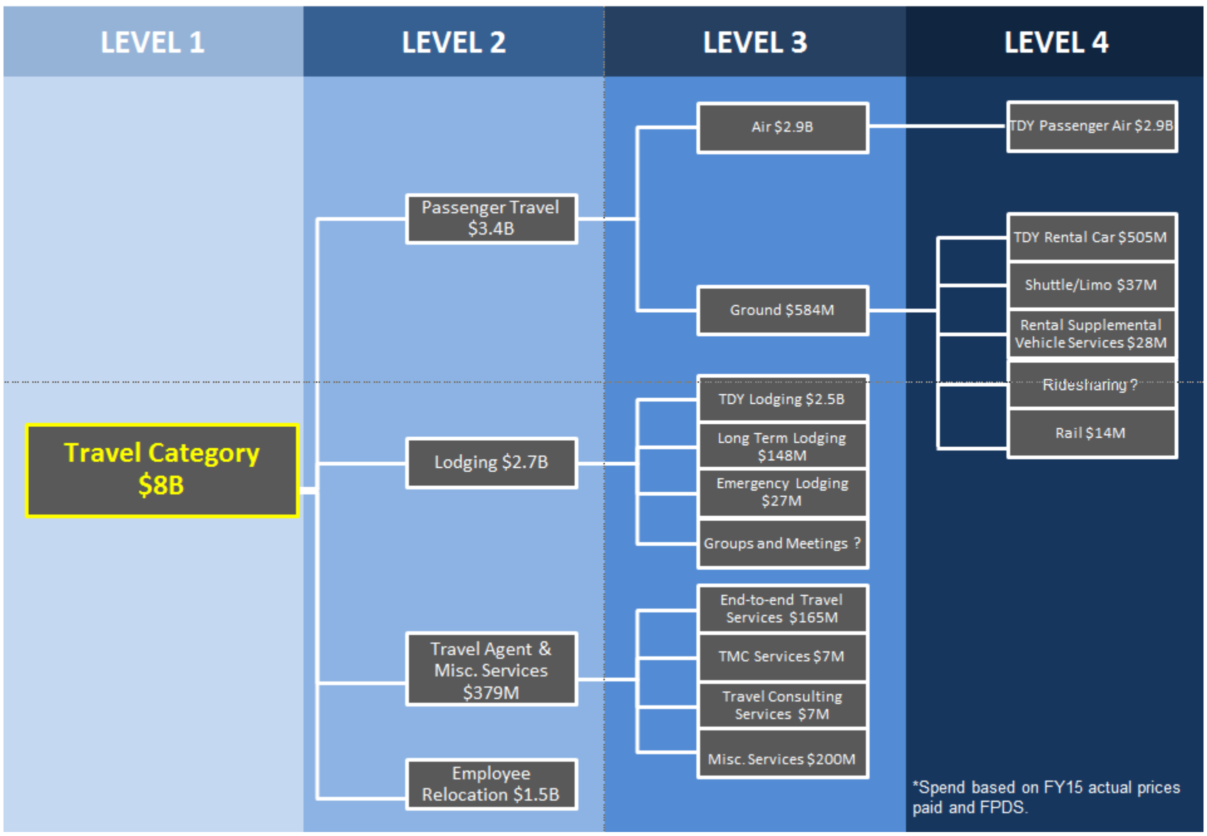
The purpose of this strategic plan Version 2.0 is to establish the strategic direction for the Travel category management activities for the next three fiscal years (FY17 – FY19). This includes aligning category management (CM) for Travel with the Managing Partner Role for Travel and the Travel Line of Business (LoB) within the Unified Shared Services Management (USSM) governance structure with the long term goal of creating Travel as a Shared Service. Adopting the core principles of USSM within the category will lead to a Federal Integrated Business Framework (FIBF) for Travel commodity services. Adopting the basic core principles of CM and USSM to create FIBF (business/service/processes) are the drivers to an integrated system. This business approach is forward thinking and bold. It sets the direction for other categories to follow across the federal government. A shared services model can drive transaction benefits and compliance very easily. Where there are strong contracts and reasonable spend, it is a natural route to distribute through a shared services model.

This would strategically link the USSM Travel LoB with the Travel category. USSM common standards for requirements development is at the heart of category management. Implementing the FIBF discipline to define travel standard business processes, requirements, and configurations, utilizing leading practices will guide the procurement of commodities in travel such as air, lodging, ground transportation, online booking and travel agency services.

This plan includes establishing the scope of the category baseline, changes since the previous strategic plan Version 1.0, category management initiatives and actions that will be pursued, and the key performance indicators (KPIs) that will be affected by these activities. As additional data sources and contract/program information is received, these initiatives and KPIs will be refined through future updates to this plan.

The domain for the Travel category as approved by OMB and the CMLC is:

Table 1-1: Travel Category Domain



Version 1.0 Strategic Plan

In the Version 1.0 of the strategic plan, the Travel category identified 3 initiatives as areas of focus for CY16. They represented an excellent opportunity to drive SUM, savings, and identification of potential BIC solutions. The CY16 focus areas were:

- TDY Lodging – $2.5B FY14 domain (SmartPay lodging spend including taxes, international, and incidentals). Implement FedRooms First Initiative to increase enterprise-wide spend.
- TDY Passenger Air – $2.4B FY14 domain (ARC/TMIS). Implement standard settings in the E-Gov Travel online booking tools that prioritize lowest discounted airfares to drive savings.
- Air Charters – $1.6B FY14 domain (from the Federal Procurement Data System (FPDS)). Define Air Charter domain and determine appropriate category alignment.

Along with these 3 initiatives, the Travel category focused on the true spend of the entire Travel category, utilizing all known data sources.

Version 2.0 Strategic Plan

Over the next three years the Travel category will continue its focus on existing efforts within TDY Air Travel and TDY Lodging. In addition to those efforts, the Travel category will be pursuing the following initiatives:

Continue implementing the FedRooms First Initiative (FFI) to drive utilization of the program: FedRooms is a government-wide program that provides hotel rooms to government travelers at or below the per diem rate. By increasing utilization, FedRooms will increase both savings and SUM. A prime example of how the FedRooms First Initiative can be leveraged to increase savings and SUM is the DoD Preferred lodging pilot. By utilizing the FedRooms solution, a single enterprise-wide contract, DoD launched a pilot in 2015 growing the footprint from 7 markets to 18 markets in FY16. Utilization has grown by 32% in FY16 while maintaining an average savings of 18% off of per diem. DoD Preferred utilizes the attributes of this enterprise-wide solution which are agency policy requiring first consideration, showing properties first in the booking tool, oversight, communication to travelers and monitoring performance. Due to the success of the pilot DoD plans to expand to over 30 markets in FY17. Traveler satisfaction is high and hotels are pleased with the increase in market share. DOD, for their Agency, is leveraging BIC attributes in achieving 'best-in-class" performance and outcomes for program management. This success story can be replicated at other agencies across the government.

- **Continue to increase of the utilization of lowest discounted City Pair fares:** Implement standard settings in the E-Gov Travel online booking tools that prioritize lowest discounted City Pair airfares to drive savings

- **Best-in-Class Solutions:** Work to potentially designate the City Pair and Lodging Programs as BIC solutions. Additionally in FY17, identify other solutions that potentially meet the criteria for a BIC. The BIC designation should satisfy five key requirement areas: Rigorous Requirements Definitions and Planning Processes; Appropriate Pricing Strategies; Data-driven Demand Management Strategies; category and Performance Management Strategies; and Independently Validated Reviews. Ultimately, increasing utilization of BIC solutions will drive SUM, and increase savings, while potentially reducing contracts.

- **Car Rental Program:** Gain insight into the DoD managed, government-wide program, leading to an increase in SUM and savings.

- **Emerging Markets – Ridesharing:** Potential increase in savings through government-wide utilization of ridesharing solutions (i.e., Uber, Lyft)

- **Employee Relocation Resource Center:** Transfer Relocation subcategory from the Transportation and Logistics category into the Travel category. The Employee Relocation Resource Center provides programs to assist agencies in providing their employees Home Sale Assistance and Household Goods moves.

- **Long Term Lodging:** Identify government-wide contracts to assess savings and contract reduction opportunities.

- **Shared Services Program:** Working with OMB customer agencies, the Senior Travel Official Council (STOC), and the USSM Office. The long term vision would be the most effective sourcing and service delivery model would be through single platform for Travel Shared Services.

- **Travel Management Centers (TMC) Data Visibility and Spend Transparency:** Gain visibility into TMC contracts to identify total spend and opportunities for savings, SUM, and contract reduction.

- **Lodging – Groups & Meetings:** Identify government-wide contracts to assess savings and contract reduction opportunities.

Category Goals and Objectives:

Through the execution of these key initiatives, the Travel category plans to drive significant positive change towards the government-wide category management goals. Over the next 3 years, the Travel category expects to achieve continued savings through a leveraged buying power with cost avoidance/savings of over $2.4B per year and increase SUM to $4.8B while moving solutions from Tier 1 maturity to Tier 3. The government-wide KPIs are expected to be further affected once the category is able to gain access to all relevant data and run a full analysis on the initiatives listed above.

In addition to the initiatives listed above, the Travel category will also draft a data management plan to pursue complete visibility and clarity into all domain spend. The data management plan will lay out a strategy for oversight and management of travel spend and data across the entire domain. A critical factor in the success of this spend management will be authority, oversight, and consistent access to all travel category data.

3. Spend Analysis

3.1. Category Scope

The *CY16 Version 1.0 Initial Government-wide Category Management Strategic Plan Travel and Lodging* document stated that the Travel domain/universe was defined as $2.7B documented solely by FY14 FPDS spend. As a result of defining the newly approved travel domain, the baseline scope of spend has been expanded and more broadly identified as $8B[3]. This is based on FY15 FPDS spend of $2.2B and the balance is made up of additional prices paid data from many of the existing travel programs. Table 1-1 shows the full Travel domain.

As part of this scope redefinition, the category team has recommended the addition of the following program to the Travel category, which is reflected in Table 1-1:

- The Employee Relocation program ($1.5B) be re-aligned to the Travel category from the Transportation and Logistics category

The inherent functions of Employee Relocation are tightly aligned to travel and there is an opportunity for appropriate category alignment.

Recommendations to remove from the Travel category:

- The Air Charter subcategory ($1.3B) be re-aligned to the Transportation category from the Travel category

Passenger Air Charter was an area of focus for V1.0 of the Travel plan. A working group of Air Charter acquisition subject matter experts (SMEs) was formed and it was determined that the spend was tied to Mission/Operation activities such as the Civil

[3] This current baseline spend will continue to be refined as additional data sources are obtained and analyzed.

Reserve Air Fleet (CRAF). The working group determined the spend was more closely aligned to Transportation and Logistics, since none of the Air Charters have passengers traveling from one place to another. In FY17 we will be presenting our findings to the Transportation category manager (CM) and coming to a joint approach for next steps on this subcategory ownership.

Table 3-1 Description of Change

Description of Change	Change in Scope ($M)
Addition of Relocation Services (reassignment to Travel category)	+ $1.5B
Removal of Air Charter (reassignment to Transportation and Logistics category)	- $1.3B

3.2. Baseline Spend

According to the spend analysis conducted on FPDS-NG data and prices paid data sources for the Travel category, the total baseline domain in FY15 was $8B. See Table 1-1 for a breakdown by subcategory of the Travel category domain baseline.

3.3. Data Management Challenges

To successfully implement the category management principles within the Travel category, the CM will work with the CM PMO, STOC, and OMB to determine the appropriate data call strategy to bring in the disparate travel data sources for the travel domain. This governance will provide the Travel category the ability to request data when necessary from all agencies and allow the category to work effectively without hindrance. The travel team will create a data management plan that will articulate the strategy for oversight and management of travel spend and data across the entire domain. Currently, the data gaps for the Travel category are primarily driven by obtaining access to the following data sources:

Table 3-2 Data Management Gaps

Subcategory	Data Gaps
TDY Passenger Air	Prices Paid (DoD & DoJ)
TDY Rental Car	Contracts and Prices Paid
Ridesharing	Contracts and Prices Paid
Transient (TDY) Lodging	Prices Paid

Subcategory	Data Gaps
Long Term Lodging	Contracts and Prices Paid
TMC Services	Contracts and Prices Paid
Employee Relocation	Contracts and Prices Paid (DoD)

KPIs

3.4. Program Targets

Table 4-1 represents the Summary of the KPIs for the Travel category. The targets in Table 4-1 represent the entire Travel category (domain).

Table 4-1 Summary of KPIs

CAP Goal Metric	Initial Baseline FY15	FY16 Goal	FY17 Goal	FY18 Goal	FY19 Goal
Increase SUM	$2.5B	N/A	$2.8B	$3.9B	$4.8B
Achieve Savings (Cumulative)	$2.4B	$2.4B	$2.4B ($4.8B)	$2.4B ($7.2B)	$2.4B ($9.8B)
Reduce Contract Duplication	8452	N/A	-10%	-20%	-35%
Small Business Utilization	35%	35%	35%	35%	35%
Increase Acquisition Gateway Usage	0	240	240	252	264

For FY15, the SUM included: the City Pair Program, FedRooms, and E-Gov Travel Service (ETS).

For FY17, the SUM increased after a further deep dive into the domain data. The subcategories added are: Employee Relocation (Civilian), Long Term Lodging, TMC Services.

In FY18, the SUM will increase to approximately 50% of the Travel domain as a result of adding TDY Rental Car and increasing the usage of Tier 2 and Tier 3 solutions.

In FY19, the SUM will increase to approximately 60% of the Travel domain as a result of potentially adding Ridesharing and increasing the usage of Tier 2 and Tier 3 solutions.

Note, for Contract Duplication of the current 8,452 contracts 5,601 are standalone lodging contracts. This will be analyzed for opportunities to reduce contracts.

Table 4-2 Summary of Initiatives describes the high level tasks by initiatives, broken down by year, which the Travel category will address over the next three years. This includes the SUM maturity by Tier 0-3 for each Solution.

Table 4-2 Summary of Initiatives

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
1A	Have FedRooms Program Potentially Declared BIC - $2.5B Transient (TDY) Lodging Domain	• Finalize the formal OMB/GWCM Leadership process of BIC to achieve a Tier 3 SUM designation (Q1) • Drive utilization/SUM, FY17 baseline 9.1% with the goal of a 3% increase in out years ; $13.9M savings (Q4) **Tier 2-3 Solution**	• Increase government-wide utilization of FedRooms program by 3% to 12%; $15.5M savings (Q4)	• Increase government-wide utilization of FedRooms program by 3% to 15%; $19.3M savings (Q4)

No	Initiative	Key Milestone Delivery Dates		
		FY17	**FY18**	**FY19**
1B	Implement FedRooms First Initiative (FFI) with the CFO Act agencies - Domain noted in 1A	• Introduce 5 pillars of FFI (Default Display Settings, Policy, Oversight, Communication and Performance Management) (Q1): o Establish a scorecard process with Senior Travel Official Council (STOC) o Present scorecard to STOC on quarterly basis o End of (Q4) 8 new agencies will implement FFI for a total of 11 **Tier 2-3 Solution**	• Introduce 5 pillars of FFI to new agencies (agency adoption/ policy, communication, channels, measurement) (Q1) • End of (Q4) 5 new agencies will implement FFI	• Introduce 5 pillars of FFI to new agencies (agency adoption/ policy, communication, channels, measurement) (Q1) • End of (Q4) 6 new agencies will implement FFI
2A	Have City Pair Program (CPP) Potentially Declared BIC - $2.9B TDY Passenger Air Domain	• Finalize the formal OMB/GWCM Leadership process of BIC to achieve a Tier 3 SUM designation (Q1) • Drive savings of $2.4B in FY17 (Q4) **Tier 3 Solution**	• Maintain or exceed $2.4B in savings (Q4)	• Maintain or exceed $2.4B in savings (Q4)
2B	Increase utilization of the lowest discounted CPP fare ($4M saved for every 1% increase) - Domain noted	• Achieve 58% utilization • Present scorecard to STOC on quarterly basis • Minimum $4M additional savings	• Achieve 59% utilization • Present scorecard to STOC on quarterly basis • Minimum $4M additional savings	• Achieve 60% utilization • Present scorecard to STOC on quarterly basis • Minimum $4M additional savings

No	Initiative	Key Milestone Delivery Dates		
		FY17	**FY18**	**FY19**
	in 2A	Tier 3 Solution		
2C	TDY Passenger Air - Implement standard settings in ETS2 that prioritize lowest discounted airfares to drive savings - Domain noted in 2A	• Twelve new agencies configured by (Q4) for a total of 18 o Establish a scorecard process with Senior Travel Official Council (STOC) • Present scorecard to STOC on quarterly basis Tier 3 Solution	• Six new agencies configured by (Q4) for a total of 24 • Present scorecard to STOC on quarterly basis	• Achieve a steady state of 24 CFO Act Agencies (Q4) • Present scorecard to STOC on quarterly basis
3	Passenger Travel – TDY Rental Car Data Strategy - $505M TDY Rental Car Domain Insight into DoD Rental Car Program	• Obtain DoD Rental Car program data and assess existing program's SUM maturity (Q3) • Conduct formal assessment to pursue potential BIC designation for Rental Car Program (Q4) • Develop savings methodology (or identify/validate existing methodology) associated with Renta Car program and analyze existing savings potential (Q4) **Tier 2 Solution**	• Identify opportunities to increase maturity of contracts from Tier 2 to 3 and potentially put the solution through the BIC process (Q3) Monitor SUM and savings	• Continue to identify opportunities to communicate and increase utilization of BIC contracts (Q4) • Monitor SUM and savings (Q4)

No	Initiative	Key Milestone Delivery Dates		
		FY17	**FY18**	**FY19**
4	Emerging Markets - Ridesharing – Domain $TBD	• Assess opportunity to negotiate gov- wide contracts for ridesharing **Tier 0 Solution**	• Acquire transaction-level purchase card prices paid information to achieve SUM (Q4) • Establish contracts with rideshare companies (if deemed applicable) (Q4) • Develop savings methodology for measuring Rideshare program savings (Q4)	• Increase government-wide utilization of new Ridesharing contracts via policy (if applicable) (Q4) • Communicate with Agencies to increase awareness and usage of new Rideshare contracts (if applicable) (Q4)

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
5	Employee Relocation Services - $1.5B Domain	• Reassign Employee Relocation Services from the Transportation and Logistics category (Q1) • Begin maturity assessment of GSA managed contracts (Q2) • Identify best contracts and pursue potential BIC designation of the GSA managed contracts (Q3) • Gain access to the DoD operated spend (Q4) • Tier 1-2 Solution	• Begin assessment of maturity of DoD managed contracts (Q1) • Analyze spend, savings, and contract data to identify best contracts and opportunities to consolidate (Q3) • Conduct IWG to determine opportunities (Q4) • Identify opportunities to increase maturity of contracts (Q4)	• Identify best contracts and pursue potential BIC designation(Q4) Develop policy to increase government-wide utilization of best Employee Relocation Contracts (Q4)

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
6	Assess Long Term Lodging Opportunity – Domain $148M	• Validation of FPDS Long Term Lodging Data (Q1) • Obtain supplemental (outside of FPDS) Long Term Lodging contracts and spend data (Q2), if applicable • Conduct analysis to determine if opportunity exists to improve SUM (Q4) • Tier 1 Solution	• Identify potential best in class contracts and pursue BIC designation (Q2) • Identify opportunities to increase maturity of contracts (if applicable) (Q4)	• Communicate with Agencies to increase government-wide awareness and utilization of best in class Long Term Lodging contracts (Q4)
7	Category-Wide Shared Services Initiative – Domain $TBD	• Launch the Executive Steering Committee and garner OMB support to implement the short term objectives for Government-wide common business processes and requirements. (Q1) • Socialize and validate both the short term and long term business strategy and business case for ETSNext and Shared Services with critical stakeholder groups • Formalize the role of Managing Partner for the Travel Line of Business, aligning to the Unified Shared Services	• Develop Use Cases and common business processes where GSA is the managing partner for the Travel Line of Business and leverages the FIFB working with USSM and the STOC (Q1) • Finalize common standards for ETS2 which aligns with Category Management and Unified Shared Services Management combined with the Common Core/Federal Integrated Business Framework (FIBF) (Q2) • Finalize leveraging UX improvements based on the developed, clickable prototype with the current ETS2 Vendor (Q2) • Bring government-wide	• Drive concurrence on the long term strategy and vision for a single platform through Shared Services. (Q4) • Based on vendors' Usability Improvement Plans, performance to those plans, and improved user satisfaction, will inform and potentially influence an accelerated acquisition strategy for ETS2 in its current model (Q4) • Continue to build upon and execute the government-wide strategy for end-to-end travel services (Q4)

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
		Management (USSM) governance structure (Q2) ● Begin creating common standards for ETS2 which aligns with Category Management and Unified Shared Services Management combined with the Common Core/Federal Integrated Business Framework (FIBF) (Q1) ● Begin focus on leveraging UX improvements based on the developed, clickable prototype with the current ETS2 Vendor (Q3) Assess potential opportunity to affect all government-wide KPIs through this proposed program (Q4)	concurrence on the long term strategy for end-to-end travel and whether or not to pursue a long term strategy through a Shared Services model, utilizing the Executive Steering Committee, the Senior Travel Official Council, USSM/Category Management, and OMB (Q4) ● Draft policy strategy for the long term implementation for end-to-end travel services (Q4)	

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
8	• Data Strategy – Travel agency Contract Visibility - $7M Domain	• Begin process of gaining visibility into multiple TMC government-wide contracts. Obtain DoD and HHS TMC contracts, working closely with DoD and HHS. Additionally working with the ETS2 vendors to identify the baseline for TMC spend • Tier 1 Solution	• Analyze TMC prices paid data and common requirements (Q4) • Establish guidance to identify best contracts and drive efficient behavior with utilization of travel agency services (Q4) • Stand up IWG (Q4)	• Potentially pursue BIC designation (Q4) • Identify opportunities to increase maturity of contracts (Q4)
9	Assess Lodging - Groups & Meetings Opportunity – Domain $TBD	• Initiative will begin in FY18 Tier 0 Solution	• Introduce Groups and Meetings as Lodging IWG focus area for FY18 (Q1) • Obtain Groups and Meetings contracts and spend data (Q2) • Conduct analysis to determine if opportunity exists to improve SUM (Q4)	• Identify potential best in class contracts and pursue potential BIC designation (Q2) Identify opportunities to increase maturity of contracts (if applicable) (Q4)

The following chart represents a breakdown of all the initiatives and their respective KPI targets for the FY17-FY19. Not all Initiatives have targets, as the data is currently unknown. Only taking credit for SUM we have insight into currently, the numbers may change as gain better insight into the domain.

Table 4-3 Initiatives and Targets

No	Initiative	Targeted Spend	KPI Targets			
			KPI	FY17	FY18	FY19
1	**TDY Lodging – Implement FedRooms First Initiative** A) Have FedRooms Program Potentially Declared Best-in-Class B) Continue to implement FedRooms First Initiative (FFI) with the 24 CFO Act agencies	$2.5B	**SUM**	$136.6M	$181.4M	$226.3M
			Savings (Cumulative)	$13.9M ($21.7M)	$15.5M ($37.2M)	$19.3M ($56.5M)
			Contract Reduction	0	0	0
			Small Business	0	0	0
			Acquisition Gateway	0	0	0

No	Initiative	Targeted Spend	KPI Targets			
			KPI	FY17	FY18	FY19
2	**TDY- Passenger Air -** A) Have City Pair Program (CPP) Potentially Declared Best-in-Class B) Increase _CA utilization C) Implement booking standards to prioritize lowest discounted airfares	$2.9B	**SUM**	$2.2B	$2.2B	$2.2B
			Savings (Cumulative)	$2.4B ($4.8B)	$2.4B ($7.2B)	$2.4B ($9.4B)
			Contract Reduction	0	0	0
			Small Business	0	0	0
			Acquisition Gateway	0	0	0

<table>
<tr><th rowspan="2">No</th><th rowspan="2">Initiative</th><th rowspan="2">Targeted Spend</th><th colspan="4">KPI Targets</th></tr>
<tr><th>KPI</th><th>FY17</th><th>FY18</th><th>FY19</th></tr>
<tr><td rowspan="5">3</td><td rowspan="5">Passenger Travel – TDY Rental Car Data Strategy
Insight into DoD Rental Car Program
Evaluate DoD Rental Car Program and potentially obtain BIC designation, if applicable
[KPIs are unknown because Travel category team does not have any insight into the data at this time.]</td><td>$505M</td><td>SUM</td><td>0</td><td>$505M</td><td>$505M</td></tr>
<tr><td></td><td>Savings</td><td>0</td><td>Acquiring data in FY17</td><td>Acquiring data in FY17</td></tr>
<tr><td></td><td>Contract Reduction</td><td>0</td><td>Acquiring data in FY17</td><td>Acquiring data in FY17</td></tr>
<tr><td></td><td>Small Business</td><td>0</td><td>Acquiring data in FY17</td><td>Acquiring data in FY17</td></tr>
<tr><td></td><td>Acquisition Gateway</td><td>0</td><td>Acquiring data in FY17</td><td>Acquiring data in FY17</td></tr>
</table>

No	Initiative	Targeted Spend	KPI Targets			
			KPI	FY17	FY18	FY19
4	**Emerging Market-Ridesharing** Assess Emerging Market - Ridesharing Opportunity	TBD	**SUM**	0	0	TBD after Opportunity Analysis
			Savings	0	0	TBD after Opportunity Analysis
			Contract Reduction	0	0	TBD after Opportunity Analysis
			Small Business	0	0	TBD after Opportunity Analysis
			Acquisition Gateway	0	0	TBD after Opportunity Analysis

No	Initiative	Targeted Spend	KPI Targets			
			KPI	**FY17**	**FY18**	**FY19**
5	**Employee Relocation – Relocation Services:** Properly align to Travel category and assess Employee Relocation Opportunity [KPIs are based off of the civilian data the Travel category has insight into.]	$1.5B	**SUM**	$282M	$722M	$1.5B
			Savings	0	TBD After Analysis	TBD After Analysis
			Contract Reduction	0	Acquiring DoD data in FY17	Acquiring DoD data in FY17
			Small Business	0	Acquiring DoD data in FY17	Acquiring DoD data in FY17
			Acquisition Gateway	0	Acquiring DoD data in FY17	Acquiring DoD data in FY17

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<tr><th rowspan="2">No</th><th rowspan="2">Initiative</th><th rowspan="2">Targeted Spend</th><th colspan="4">KPI Targets</th></tr>
<tr><th>KPI</th><th>FY17</th><th>FY18</th><th>FY19</th></tr>
<tr><td rowspan="5">6</td><td rowspan="5">Lodging – Long Term Lodging:
Assess Long Term Lodging contracts and potentially designate a BIC, if applicable
[KPIs are unknown because Travel category team does not have any insight into the data at this time.]</td><td>$148M</td><td>SUM</td><td>$23.8M</td><td>$74M</td><td>$148M</td></tr>
<tr><td></td><td>Savings</td><td>0</td><td>Acquiring data in FY17</td><td>Acquiring data in FY17</td></tr>
<tr><td></td><td>Contract Reduction</td><td>0</td><td>Acquiring data in FY17</td><td>Acquiring data in FY17</td></tr>
<tr><td></td><td>Small Business</td><td>0</td><td>Acquiring data in FY17</td><td>Acquiring data in FY17</td></tr>
<tr><td></td><td>Acquisition Gateway</td><td>0</td><td>Acquiring data in FY17</td><td>Acquiring data in FY17</td></tr>
</table>

No	Initiative	Targeted Spend	KPI Targets			
			KPI	FY17	FY18	FY19
7	**Category-Wide – Shared Services** A Travel Shared Services Program would significantly increase SUM, savings and small business utilization all while reducing the number of contracts for Travel via an OMB Unified Shared Services Management (USSM) platform for Travel services.	TBD	**SUM**	0	TBD after Opportunity Analysis	TBD after Opportunity Analysis
			Savings	0	TBD after Opportunity Analysis	TBD after Opportunity Analysis
			Contract Reduction	0	TBD after Opportunity Analysis	TBD after Opportunity Analysis
			Small Business	0	TBD after Opportunity Analysis	TBD after Opportunity Analysis
			Acquisition Gateway	0	TBD after Opportunity Analysis	TBD after Opportunity Analysis

No	Initiative	Targeted Spend	KPI Targets			
			KPI	FY17	FY18	FY19
8	**Travel Agency Contract Visibility** Begin process of gaining visibility into the multiple Travel agency contracts across the government. [KPIs are unknown because Travel category team does not have any insight into the data at this time.]	$7M	**SUM**	$7M	$7M	$7M
			Savings	0	Acquiring data in FY17	Acquiring data in FY17
			Contract Reduction	0	Acquiring data in FY17	Acquiring data in FY17
			Small Business	0	Acquiring data in FY17	Acquiring data in FY17
			Acquisition Gateway	0	Acquiring data in FY17	Acquiring data in FY17

No	Initiative	Targeted Spend	KPI Targets			
			KPI	**FY17**	**FY18**	**FY19**
9	**Lodging – Groups & Meetings:** Assess Lodging - Groups & Meetings Opportunity [KPIs are unknown because Travel category team does not have any insight into the data at this time.]	TBD	**SUM**	0	0	Acquiring data in FY18
			Savings	0	0	Acquiring data in FY18
			Contract Reduction	0	0	Acquiring data in FY18
			Small Business	0	0	Acquiring data in FY18
			Acquisition Gateway	0	0	Acquiring data in FY18

FY 2016 Government-Wide Category Strategic Plan

Version 2.0

Security and Protection

Jaclyn Smyth

November 2016

Table of Contents

1. Approvals and Concurrences

Approval:

11/23/16

Jaclyn Smyth, Government-wide Security and Protection Category Manager

Date

11/23/16

Lesley Field, Acting U.S. Chief Acquisition Officer, Office of Management and Budget / CMLC Chair

Date

2. Executive Summary

The purpose of category management is to drive a fundamental shift from managing purchases and pricing individually across thousands of procurement units to managing entire categories of common spend and total cost for significant enterprise-wide gains. The Security and Protection category has been identified as one of the ten common categories of spend across the federal government. This Category Plan serves as the strategic roadmap for the Security and Protection Category and is a living document produced by the category manager (CM) with inputs from the government-wide Security and Protection Category team.

The Security and Protection category represents $6.4B in annual spend and includes six key subcategories:

- Security Services
- Security Systems
- Security Animals and Related Services
- Weapons
- Ammunition
- Protective Apparel and Equipment

The following plan outlines the key initiatives within the Security and Protection category that are expected to contribute to the achievement of the Key Performance Indicators (KPIs) as established by the President's Cross Agency Priority (CAP) Goal.

Version 1.0 Strategic Plan

In Version 1.0 of the strategic plan, the Security and Protection category team focused on five key initiatives, supported by fact-based findings related to spend, agency, market, and contract proliferation insights. The focus areas were:

- Increase spend through TechOps GWAC.
- Enhance terms and conditions for Guard Services under Schedule 84.
- Establish body-worn cameras BPAs.
- Develop physical access control systems (PACS) ordering guidance and templates.
- Populate content on the Acquisition Gateway.

Version 2.0 Strategic Plan

Over the next three years the Security and Protection category will continue its focus on existing efforts within its six subcategories. Those efforts include pursuing the following initiatives:

- Establish next generation solution(s) for land mobile radios / tactical communications (TacCom II) as a follow on to TacCom I, ending in September 2017.
- Increase utilization of TechOps I GWAC and establish next generation TechOps vehicle (TechOps II).
- Designate appropriate contracts as Best-in-Class (BIC): work to achieve BIC solution designation for the following programs:
    - TacCom I
    - Ammunition MACs
    - HHS Physical and Logical Security Services / Products BPA
    - State Department Worldwide Protective Services II
    - DHS Detection Equipment Vehicles
- Improve Schedule 84 for Security and Protection user requirements: improvements in the areas of Guard Services, PACS, body-worn cameras, and law enforcement kits.

Category Goals and Objectives: Through the execution of these key initiatives, the Security and Protection category team plans to drive significant positive change towards the government-wide category management goals. Specifically, by the end of FY19, the initiatives in this strategic plan are projected to increase Spend Under Management (SUM) to $1.725B, drive $367.19M in cumulative savings, reduce category contract proliferation by 35%, increase category Small Business utilization to 25%, and facilitate 200 purposeful visits to the Acquisition Gateway category hallway. In addition to these efforts, the category team will continue to pursue further data collection, research, and analysis activities to identify opportunities for increased impact within other areas of large category spend. As further analyses are completed and opportunities quantified, this strategic plan will be updated to reflect the increased impact to the category management KPIs.

3. Spend Analysis

3.1. Category Scope

Data was pulled from the Federal Procurement Data System-Next Generation (FPDS-NG) for fiscal year 2015 based upon the 29 relevant PSCs identified within Table 3-1 below.

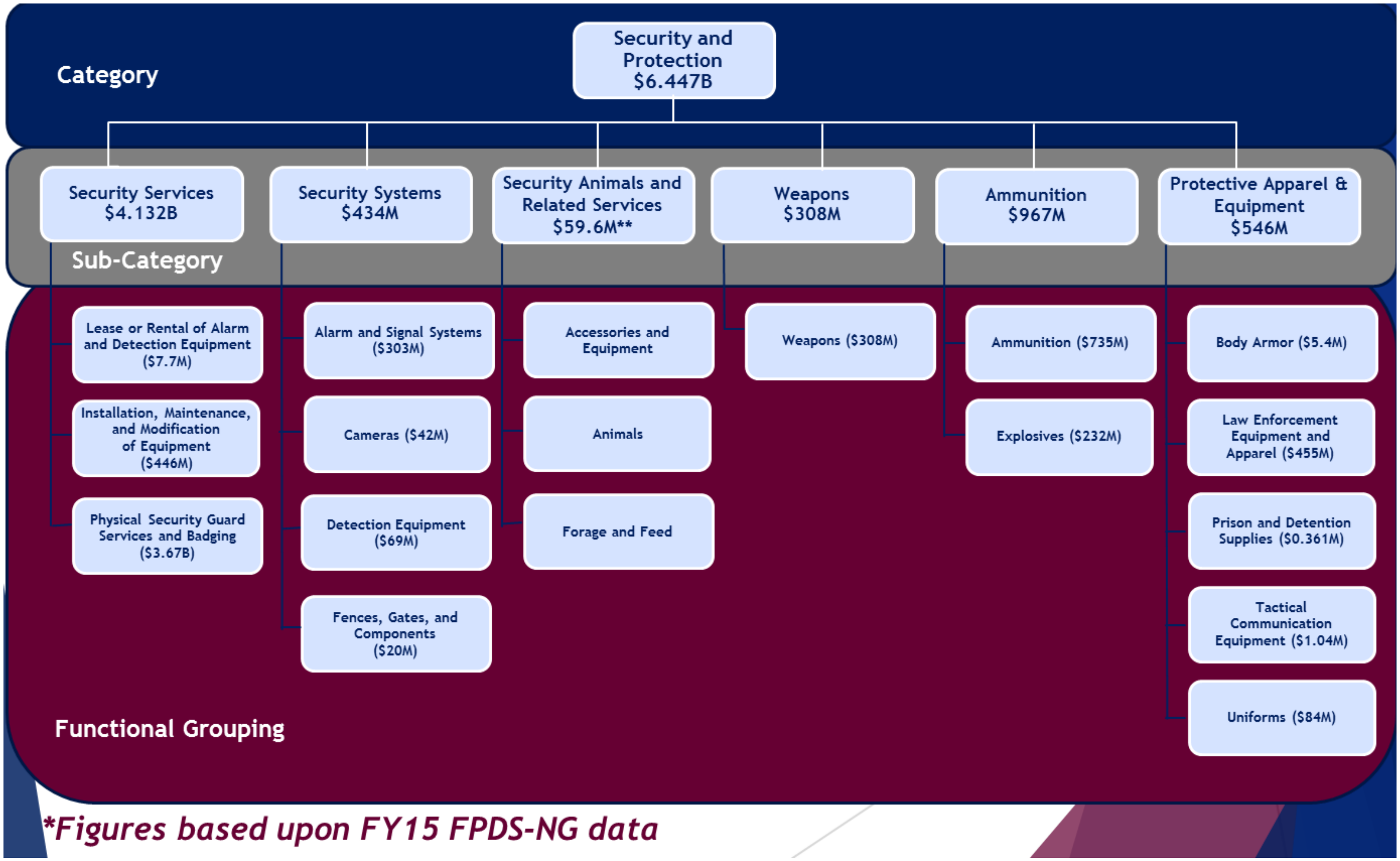
Table 3-1 Security and Protection Relevant Product Service Codes

Subcategory	PSC	PSC Description
Security Services	J063	MAINT/REPAIR/REBUILD OF EQUIPMENT - ALARM, SIGNAL, AND SECURITY DETECTION SYSTEMS
	K063	MODIFICATION OF EQUIPMENT - ALARM, SIGNAL, AND SECURITY DETECTION SYSTEMS
	L063	TECHNICAL REPRESENTATIVE - ALARM, SIGNAL, AND SECURITY DETECTION SYSTEMS
	N063	INSTALLATION OF EQUIPMENT - ALARM, SIGNAL, AND SECURITY DETECTION SYSTEMS
	R430	SUPPORT - PROFESSIONAL: PHYSICAL SECURITY AND BADGING
	S206	HOUSEKEEPING - GUARD
	S211	HOUSEKEEPING - SURVEILLANCE
	W063	LEASE OR RENTAL OF EQUIPMENT - ALARM, SIGNAL, AND SECURITY DETECTION SYSTEMS
Security Systems	5660	FENCING, FENCES, GATES AND COMPONENTS
	6350	MISCELLANEOUS ALARM, SIGNAL, AND SECURITY DETECTION SYSTEMS
	6665	HAZARD-DETECTING INSTRUMENTS AND APPARATUS
	6710	CAMERAS, MOTION PICTURE
	6720	CAMERAS, STILL PICTURE
Security Animals and Related Services	3770	SADDLERY, HARNESS, WHIPS, AND RELATED ANIMAL FURNISHINGS
	8710	FORAGE AND FEED
	8730	SEEDS AND NURSERY STOCK
	8820	LIVE ANIMALS, NOT RAISED FOR FOOD
	J088	MAINT/REPAIR/REBUILD OF EQUIPMENT - LIVE ANIMALS
	K088	MODIFICATION OF EQUIPMENT - LIVE ANIMALS
	N088	INSTALLATION OF EQUIPMENT - LIVE ANIMALS
	W088	LEASE OR RENTAL OF EQUIPMENT - LIVE ANIMALS

Subcategory	PSC	PSC Description
Weapons	1005	GUNS, THROUGH 30MM
	1010	GUNS, OVER 30MM UP TO 75MM
Ammunition	1305	AMMUNITION, THROUGH 30MM
	1310	AMMUNITION, OVER 30MM UP TO 75MM
	1330	GRENADES
	1370	PYROTECHNICS
Protective Apparel and Equipment	8465	INDIVIDUAL EQUIPMENT
	8470	ARMOR, PERSONAL

The scope of the Security and Protection category is described below, including a breakdown of the level 2 and level 3 subcategories, an explanation of the category scope changes, and a high level category overview.

Figure 3-1: FY15 Security Level 2 and Level 3 Breakdown



** As indicated below in Section 3.2, spend in this subcategory is an average of FY11-15.

After reviewing subcategory spend by PSC code, it was determined that the Security Animals and Related Services and the Protective Apparel and Equipment subcategories both required scope changes. The scope of the Security Animals and Related Services subcategory includes only horses, canines, and products and services related to their well-being. The data from the Protective Apparel and Equipment subcategory was reviewed and logically grouped into five functional groupings: Body Armor, Law Enforcement Equipment and Apparel, Prison and Detention Supplies, Tactical Communications Equipment, and Uniforms. Any data considered unrelated to one of those five functional groups was removed, but this subcategory will continue to evolve.

Based on findings and recommendations from the v1.0 plan, the scope has been expanded to include additional Subcategories encompassing law enforcement-centric items such as weapons, ammunition, and protective apparel (e.g., body armor) which were not included in the v1.0 mapping of the Security and Protection Category.

3.2. Baseline

The spend baseline for this category was developed using FY15 data (based on FPDS data as of September 13, 2016). Due to an anomaly in Security Animals and Related Services data for FY15, there was a negative baseline for that subcategory. To address this issue, the baseline for the Security Animals and Related Services subcategory has been recalculated to reflect an average of FY11-FY15 data. Inclusion of data from five fiscal years will more accurately show the spend trend in the subcategory.

Table 3-2 Subcategory Spend Baseline

Subcategory	FY15 Spend Baseline
Security Services	$4.132B
Security Systems	$434M
Security Animals and Related Services	$59.6M*
Weapons	$308M
Ammunition	$967M
Protective Apparel and Equipment	$546M
FY15 Category Total	$6.447B

* As indicated above, spend in this subcategory is an average of FY11-15.

3.3. Data Management Challenges

The Security and Protection category has four key data challenges:

Risk 1:

- The initial FY15 baseline for the Security Animals and Related Services subcategory is -$5,791,588 due to an anomaly in 2015 subcategory spend.
- Mitigation: A new baseline has been created using an average of five years of subcategory spend data (FY11-15).

Risk 2:

- Shifting scope from the Security and Protection category is dependent on keyword searches within contracts and vendors, creating a dependency on data entry by the Contracting Officer.
- Mitigation: Governance needs to be created regarding how to properly shift spend and how to capture data that falls below the PSC level.

Risk 3:

- Currently, there is no governance surrounding shifting category scope, whether to another category or out of category management all together.
- Mitigation: Governance needs to be defined so the spend excluded from Security can be shifted to the appropriate place.

Risk 4:

- Separating recurring spend from unique, one-time spend that is driven by external events or directives and is therefore unable to be controlled by category management activities (e.g., Congressional appropriations).
- Mitigation: Category team will regularly identify and research unexpected outliers or spikes in spend, to analyze the root cause and determine if potential improvements can be achieved through category management.

4. KPIs

4.1. Program Targets

The following tables contain the high-level KPIs, initiative milestones, and individually focused initiative KPIs for the Security and Protection category.

Table 4-1 Summary of KPIs

CAP Goal Metric	Initial Baseline FY15	FY16 Goal	FY17 Goal	FY18 Goal	FY19 Goal
Increase SUM	$0	$450M	$970M	$1.425B	$1.725B
Achieve Savings	$0	$1.76M	$88.25M Cumulative*: $90.01M	$127.18M Cumulative*: $217.19M	$150M Cumulative*: $367.19M
Reduce Contract Duplication	10,966	*FY16 Goal was established using a different contract metric*	9,869 (10% reduction)	8,773 (20% reduction)	7,128 (35% reduction)
Small Business Utilization	23%	25%	25%	25%	25%
Increase Acquisition Gateway Usage	59	89	120	150	200

* For Cumulative Savings, each year's calculated savings is added to the sum of the savings calculated for the previous years.

Table 4-2 Summary of Initiatives

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
1	Establish next generation solution(s) for land mobile radios / tactical communications (TacCom II) as a follow on to TacCom I, ending in September 2017. This reflects a portion of the LRM spend associated with the Security category. The Security portion will be addressed in a collaborative effort with the IT category.	• Kick off GW IPT – Q1 • Conduct procurement – Q2, 3, 4 • Make contract award – Q4	• Gateway population – Q1 • Conduct stakeholder outreach and engagement – Q1 • Adoption/communications campaign – Q2 • Monitor vehicle performance – Q4	• Stakeholder outreach and engagement to push adoption – Q1 • Monitor vehicle performance – Q4
2	Increase utilization of TechOps I GWAC and establish next generation TechOps vehicle (TechOps II)	• Continue GW IPT efforts – Q1 • Conduct procurement – Q2, 3, 4 • Make contract award – Q4	• Gateway population – Q1 • Conduct stakeholder outreach and engagement – Q1 • Adoption/communications campaign – Q2 Monitor vehicle performance – Q4	• Stakeholder outreach and engagement to push adoption – Q1 Monitor vehicle performance – Q4

3	Designate appropriate contracts as Best-in-Class • TacCom I • Ammunition MACs • HHS Physical and Logical Security Services / Products BPA • State Dept Worldwide Protective Services II • DHS Detection Equipment Vehicles • Body-Worn Cameras	Evaluate for BIC designation: ● TacCom I ● Ammunition MACs ● HHS Security Services / Products BPA ● State Department Worldwide Protective Services II ● Miscellaneous DHS detection equipment contracts (as awarded) For each BIC evaluation, steps include: ● 1Q – 2Q: o Map identified candidate contracts to BIC criteria o Hold SME meetings to review findings and assess results o SME teams provide recommendations to leadership team 2Q – 3Q: o Hold leadership team meetings to evaluate SME team recommendations o Designate contracts as BIC, as appropriate 4Q: Identify BIC vehicles on the Gateway	Evaluate for BIC designation: ● TechOps II ● Miscellaneous DHS detection equipment contracts (as awarded) ● TacCom II (early) ● Body Worn Cameras For each BIC evaluation, steps include: 1Q – 2Q: Map identified candidate contracts to BIC criteria o Hold SME meetings to review findings and assess results o SME teams provide recommendations to leadership team 2Q – 3Q: o Hold leadership team meetings to evaluate SME team recommendations o Designate contracts as BIC, as appropriate 4Q: o Identify BIC vehicles on the Gateway For contracts already designated BIC: o Track utilization of BIC vehicles o Develop additional tools/policies to steer spend to BIC vehicles, as needed	Ongoing: ● Track utilization of BIC vehicles Develop additional tools/policies to steer spend to BIC vehicles, as needed

4	Improve Schedule 84 for Security and Protection user requirements	• Body-worn cameras o Meet with DOJ to discuss best practices for a Body Worn Cameras BPA – Q1 o Establish a government-wide IPT – Q1 o Issue the RFI to vendors and receive responses – Q2 o Conduct procurement – Q2, 3,4 o Make Award – Q4 • Guard Services o Deploy schedule 84 database – Q1 o Release a market survey/RFI to gather information on Guard Services – Q2 o Put database on the Acquisition Gateway – Q2, 3 o Release report on Guard Services findings from the market survey/RFI – Q3 • Law Enforcement Kits o Continue customer engagement meetings – Q1 o Update Schedule 84 to encompass Law Enforcement Kits – Q2 o Confirm requirements with federal agencies – Q3 o Negotiate with vendors – Q3	• Body-Worn Cameras o Implementation of BWC BPA – Q1 o Monitor vehicle performance – Q2, 3, 4 • Guard Services o Activities based on report released in FY17 Q3 – Q1, 2, 3, 4 • Law Enforcement Kits o Deliver kits – Q1, 2, 3, 4 o Conduct stakeholder outreach and engagement – Q1, 2, 3, 4 o Monitor performance – Q1, 2, 3, 4 • PACS o Activities on a TBD basis	• Body-Worn Cameras o Monitor vehicle performance • Guard Services o Activities based on report released in FY17 Q3 – Q1, 2, 3, 4 • Law Enforcement Kits o Deliver kits – Q1, 2, 3, 4 o Conduct stakeholder outreach and engagement – Q1, 2, 3, 4 o Monitor performance – Q1, 2, 3, 4 • PACS o Activities on a TBD basis

		o Deliver kits – Q4 • PACS o Establish relationship with the SmartCard Alliance round table – Q1 o Put ordering guide and standards on the Acquisition Gateway – Q2 o Push for incorporation of ordering guide and standards in appropriate contracts – Q4		

The table below contains information on the impact on SUM and Savings associated with each initiative. For Acquisition Gateway utilization and Small Business utilization, the category team has developed overall category targets for FY17 through FY19. (See Table 4-1 above) Reduction in contract duplication will also be addressed category-wide, rather than by individual initiative.

Table 4-3 Initiatives and Targets

<table>
<tr><th rowspan="2">No</th><th rowspan="2">Initiative</th><th rowspan="2">Targeted Spend</th><th colspan="4">KPI Targets</th></tr>
<tr><th>KPI</th><th>FY17</th><th>FY18</th><th>FY19</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Establish next generation solution(s) for land mobile radios / tactical communications (TacCom II) as a follow on to TacCom I, ending in September 2017.</td><td>$125M</td><td>SUM</td><td>0</td><td>$125M</td><td>$125M</td></tr>
<tr><td></td><td>Savings</td><td>0</td><td>$31.25M</td><td>$31.25M</td></tr>
<tr><td rowspan="2">2</td><td rowspan="2">Increase utilization of TechOps I and establish next generation TechOps vehicle (TechOps II)</td><td>$50M</td><td>SUM</td><td>$15M</td><td>$50M</td><td>$50M</td></tr>
<tr><td></td><td>Savings</td><td>$2.65M</td><td>$8.8M</td><td>$8.8M</td></tr>
<tr><td rowspan="2">3</td><td rowspan="2">Designate appropriate contracts as Best-in-Class (targets and estimated SUM identified below)
TacCom I - $125M
Ammunition MACs - $10M
HHS Physical and Logical Security Services / Products BPA - $100M
State Dept Worldwide Protective Services II - $500M - $1B
DHS Detection Equipment Vehicles -</td><td>$500M+</td><td>SUM</td><td>$500M</td><td>$750M</td><td>$1B</td></tr>
<tr><td></td><td>Savings</td><td>$61.65M</td><td>$60.81M</td><td>$81.08M</td></tr>
</table>

No	Initiative	Targeted Spend	KPI Targets			
			KPI	FY17	FY18	FY19
	$50M - $300M • Body-Worn Cameras - TBD					
4	Improve Schedule 84 for Security and Protection user requirements • Guard Services (9.8%) – FY17 and FY18 • PACS, Body-worn cameras – FY18 • Law enforcement kits – FY18 or FY19	$450M+	**SUM**	$455M	$500M	$550M
			Savings	$23.95M	$26.32M	$28.95M
Totals Across Initiatives			**Total SUM**	**$970M**	**$1.425B**	**$1.725B**
			Total Savings	**$88.25M**	**$127.18M**	**$150M**

Notes on KPI Calculations for Initiatives:

- In general, savings on initiatives are calculated as follows:
    - Savings = (SUM / (1-Savings Rate)) * Savings Rate
    - This calculation reflects the fact that savings should be calculated on the total amount that would have been spent prior to bringing SUM.
    - Savings Rate is based on validated savings methodologies where available (TacCom and TechOps), on the OMB 7.5% rate (Initiative 3), or on the CM's estimation of a reasonable savings rate (Initiative 4).

FY 2016 Government-Wide Category Strategic Plan

Version 2.0

Human Capital

Rich Vinnacombe

November 2016

Table of Contents

1. Approvals and Concurrences

Concurrence of Interagency Team Members:

Category Team Member

Category Team Member

Category Team Member

Category Team Member

Approval:

Rich Vinnacombe

Rich Vinnacombe
Government-wide Human Capital Category Manager

12/1/16
Date

Lesley A. Field

11/23/16
Date

Lesley Field, Acting U.S. Chief Acquisition Officer,
Office of Management and Budget / CMLC Chair

2. Executive Summary

The Office of Federal Procurement Policy, with support by the Category Management Leadership Council (CMLC) selected the Office of Personnel Management (OPM) to lead the human capital category because of its role as the central agency for human resources management for the Federal Government.

The purpose of Category Management is to drive a fundamental shift from managing purchases and price individually across thousands of procurement units to managing entire categories of common spend and total cost. Human Capital has been identified as one of the 10 common categories of spend across the federal government, and can be defined as the spend related to ensuring people are managed efficiently and effectively in support of agency mission accomplishment. The mission of Human Capital Category Management (HCCM) is to match agency demand with Best in Class (BIC) sources of supply across the government-wide community. In Fiscal Year (FY) 2015, federal agencies procured approximately $4.7 billion in Human Capital services. The annual spend as well as spend analysis in future sections of this plan are based on data extracted from the Federal Procurement Data System – Next Generation (FPDS- NG).

The move towards Category Management will assist the government's desire to promote OPM's Human Capital Assessment and Accountability Framework (HCAAF) and improve Human Capital outcomes through the buying process. The HCAAF identifies key human capital principles that together provide a consistent, comprehensive representation of human capital management for the federal government. The primary tenets of acting as a single government – consistency and overall accountability through strategic measures – are inherent in both category management and the HCAAF.

Additionally, one of the critical elements of human capital management is to ensure that enabling functions are delivered as effectively as possible. Throughout our analysis over the last months we have looked closely at the agreed upon delivery structure of human capital services that are compatible with the Human Capital Category Management mandate and the principles and objectives of the HCAAF. The most complete and accepted taxonomy is that of the OPM Business Reference Model (BRM) managed by the OPM HR Line of Business (HRLOB) Office. This structure originally developed over ten years ago has been refined and expanded to reflect the current areas of human capital activity and spending. The BRM captures twelve areas of human capital activity as follows:

1. Government-wide Business Operational Functions (2)
    a. Federal Human Capital Leadership

    b. Federal Oversight and Evaluation
2. Agency-specific Enabling Business Operational Functions (2)
    a. Agency Human Capital Strategy, Policies and Operation Plan
    b. Agency Human Capital Evaluation
3. Agency-specific Employee Life Cycle Activities (5)
    a. Talent Acquisition
    b. Talent Development including Training
    c. Employee Performance Management
    d. Compensation and Benefits
    e. Separation and Retirement
4. Agency-specific Support Functions (3)
    a. Employee Relations
    b. Labor Relations
    c. Workforce Analytics and Employee Records

It is our goal in the upcoming months and years to look at human capital acquisitions within these twelve pillars, and to align Best in Class (BIC) vehicles with the activities of each.

Over the last year the Human Capital Category Management (HCCM) Team has focused work on two specific activity areas;

> (1) Getting a better understanding of government spending in the human capital area. Using FPDS data, aligned with NAICS and specific HC Product Service Codes (PSC), the HCCM team has been able to expand its understanding of the spend while also identifying additional areas of study. Additionally, the HCCM Team has engaged numerous other government and private sector groups and individuals to obtain information on current and future contracting vehicles and strategies within the HC space.
>
> (2) Establishing a governance structure for HC Category Management. We have reached out to the CHCO Council for their support, and identified several other groups to obtain advice and validate our positions. Through the assistance of the CHCO Council we have established our HC Category Management Team that has provided valuable agency specific insights and support to the team with the year-one initiatives. Going forward we will strengthen and formalize the governance structure to drive impactful change management through our initiatives.

Described below and aligned with the five government-wide key performance indicators (KPI) for the Human Capital Category Management activity are the six initiatives we have identified for our three-year vision. Each has emerged from our recent work and the initiatives will provide for a logical alignment with the BRM. These are:

1. *Introduce the Human Capital and Training Solutions (HCaTS) Contracts and Drive Acceptance* – the new GSA/OPM contract for core human capital services has been awarded and a “Notice to Proceed” order has been provided to all unrestricted HCaTS awardees. The Small Business HCaTS contract is still in the process of resolving two procurement-related court cases, and the notice to proceed has not been provided to the small business awardees as of this date. Our activities in support of Initiative #1 will be to push understanding and adoption of this CMLC designed Government-wide contract..
2. *Improve Market Alignment of HR Schedules* – Our focus in this area will be to work within GSA and with Schedule holders to align the contract vehicles to the BRM taxonomy and to clarify service coverage. Specific actions will also be taken to ensure that the buyers of human capital services (agencies) are aware of services available and of the process to access these services.
3. *Increase Shared Services Synergy* – The use of Shared Service Centers and contracts offers significant potential in the government’s ability to reduce both common spend and the number of contracts used to acquire human capital services. Our focus will be to capture all “shared service” sources of supply via contract vehicles, align the services provided with the BRM and then communicate through the Gateway and other means to increase understanding of the vehicles and their availability.
4. *Increase Availability of Specialized Contracts Outside of Government-wide and Schedule Vehicles* – Our analysis has identified numerous examples of agency and sub-agency specific contracts for human capital services. Our focus here will be twofold; (1) to capture by the agency and sub-agency specific vehicles used to acquire specialized human capital services, and (2) to identify those contracts serviced by small businesses that provide Best in Class solutions, which could be deployed more broadly, i.e., to multiple agencies. Alternatively the small business supply base may be aggregated through new vehicles.
5. *Cultivate the HC Center of Excellence (COE)* – To support the needed communication and information shared for human capital services a new HR Center of Excellence (COE) will be created. The COE will be a needed repository of contract information along with other HC information.
6. *Formalize HCCM Governance Structure* - Our prior work in establishing a “governance structure” will be strengthened through the creation of a Governance Charter and full description of roles and responsibilities of the leadership groups supporting the effort as we move forward.

The agenda for each initiative is multi-year (excluding governance charter), but with key activities and milestones in the next twelve months. Throughout this timeframe the HC Category Management team will collaborate with the CHCO Council, HRLOB and the HCCM advisory group. The successful execution of each initiative will be dependent on securing resources in line with the project schedules. The HCCM team is reliant on resources available to address this agenda from the Government-wide PMO for Category Management Intelligence and from staff identified by the agency sponsors.

3. Spend Analysis

3.1. Category Scope

The scope of the Human Capital category is currently based on a mapping of PSC codes that align to three sub-categories as identified in the chart below.

Human Capital Category Product Service Codes (PSCs)		
#	***PSC Code/Description***	***Related Level 2 Sub-Category***
1	**U009** - (EDUCATION/TRAINING-GENERAL)	Specialized Educational Services
2	**U001 -** (EDUCATION/TRAINING-LECTURES)	Specialized Educational Services
3	**U005** - (EDUCATION/TRAINING-TUITION/ REGISTRATION/MEMBERSHIP FEES)	Specialized Educational Services
4	**R420** - (SUPPORT- PROFESSIONAL: CERTIFICATIONS AND ACCREDITATIONS (OTHER THAN EDUC OR INFO TECH C&A))	Specialized Educational Services
5	**U012** - (EDUCATION/TRAINING-INFORMATION TECHNOLOGY/TELECOMMUNICATIONS TRAINING)	Specialized Educational Services
6	**R419** - (EDUCATIONAL SERVICES)	Specialized Educational Services
7	**U004** - (EDUCATION/TRAINING-SCIENTIFIC/MANAGEMENT)	Specialized Educational Services
8	**U013** - (EDUCATION/TRAINING-COMBAT)*	Specialized Educational Services
9	**U002** - (EDUCATION/TRAINING-PERSONNEL TESTING)	Specialized Educational Services
10	**U003** - (EDUCATION/TRAINING-RESERVE TRAINING (MILITARY))	Specialized Educational Services
11	**U010** - (EDUCATION/TRAINING-CERTIFICATIONS/ ACCREDITATIONS FOR EDUCATIONAL INSTITUTIONS)	Specialized Educational Services
12	**U014** - (EDUCATION/TRAINING-SECURITY)	Specialized Educational Services
13	**U011** - (EDUCATION/TRAINING-AIDS/HIV)	Specialized Educational Services

Human Capital Category Product Service Codes (PSCs)		
14	**U007** - (EDUCATION/TRAINING-FACULTY SALARIES FOR DEPENDENT SCHOOLS)	Specialized Educational Services
15	**U008** - (EDUCATION/TRAINING-TRAINING/CURRICULUM DEVELOPMENT)	Specialized Educational Services
16	**U099** - (EDUCATION/TRAINING-OTHER)	Specialized Educational Services
17	**U006** - (EDUCATION/TRAINING-VOCATIONAL/TECHNICAL)	Vocational Training
18	**R431** - (SUPPORT- PROFESSIONAL: HUMAN RESOURCES)	Human Resources Services

The HCCM team recommends adjusting the scope definition to better align the spend with the Human Capital Business Reference Model taxonomy and capture spend from the most significant contract vehicles in the Human Capital space, e.g. HR Schedules, HCaTS (preceded by the OPM Training and Management Assistance vehicle), the Army HR Solutions suite of contracts, and others identified in our analysis. The realignment will involve analysis of potential re-mapping of the PSC codes as well as incorporating total contract spend based on specific contract scope regardless of associated PSC, thus eliminating inconsistencies in the FPDS data entry.

Observations from V1.0 Analysis

- There is category overlap with the Professional Services and IT categories in the Specialized Education Services sub-category, this can be resolved with the planned scope adjustment
- The current government-wide vehicles in place for Human Capital cover portions of all three sub-categories therefore a level 1 view must be considered for Best in Class evaluations
- Analysis of vehicle spend from FY13-15 identified 33 existing vehicles (single and grouped Indefinite Delivery Vehicles (IDVs) that cover majority of non-standalone spend; vehicle within the top 10 include Professional Services Schedule, IT Schedule 70, HR Schedule 738X, and OPM Training and Management Assistance
- Standalone contracts proportion of spend are trending upward with overall spend from FY14-15
- Top spend training vendors on DoD contracts have been identified as “only one source” awardees and will not be the focus of the HCCM team

- The general trend for level 1 and level 2 category is a small group of large consuming agencies and suppliers followed by a long tail of smaller customer agencies and suppliers

3.2. Baseline

The tables below capture the FY15 spend based on the current sub-categories and the additional measures of the category.

FY15 Spend by Sub-category	
Specialized Education Services	$3,970M
Vocational Training	$630M
Human Resources Services	$150M
Total	**$4,750M**

Human Capital Category Spend Baseline Measures FY15	
Small Business Utilization	24%
Number of Transactions[4]	31,963
Standalone Contracts	16,273
Number of Vendors	7,486
Number of PSCs used	18
Number of NAICS used	355

3.3. Data Management Challenges

The primary data management challenges can be summarized into the following groups and actions will be taken to address these challenges based on prioritization in line with the completion of initiative milestones.

- *Agency-to-Agency spend*: The current data sets do not capture the spend associated with inter-agency agreements, the primary source of funding for shared service providers. In FY17Q1-2 the ProviderStat data call will assist in identifying agency spend with shared service providers as well as the shared service providers contract spend, this data will be incorporated in the category management data environment.
- *Quality of FPDS data entry*: Preliminary analysis of spend when comparing program office data to FPDS entries reveals significant gaps,

[4] Unique row entry in FPDS-NG associated with initiation of any indefinite delivery vehicle or award, or any modification thereof.

both overstated and understated, that must be resolved once identified. As more program or agency level data sources become available they will be incorporated into the category management data environment.

Government purchase card data – The significant number of transactions related to training services paid by p-card are not included in the FPDS data set and efforts are underway to incorporate with agency attribution. The data may help to aggregate demand for consideration with future contract negotiations.

4. KPIs

4.1. Program Targets

The following tables contain the high-level KPIs, initiative milestones, and individually focused initiative KPIs for the Human Capital category. These initiatives will have impacts to all three of the current sub-categories within the category. The outcomes of the Version 1.0 plan initiatives have helped to refine the areas of focus, and some elements have carried over, e.g. the introduction of HCaTS due to initial contract protests and the continued need to catalog contract requirements.

The first table reflects OMB's current allocation of the Cross-Agency Priority (CAP) goals based on baseline spend and contract data for the Human Capital category. The second table captures the total level of contribution to the CAP goals based on the documented analysis of the planned initiatives impact. The initiatives contributions exceed the CAP goals in some instances and fall short in other. As the team receives additional data points, e.g. the October FY2017 SUM survey results and the November ProviderStat survey results, they will allow for recalculation of the baselines and initiatives impact. The planned rebaseline of category scope as described in section 3.1 will also impact the initiatives baselines and impact which will be captured in future plan iterations.

Summary of CAP Goals for Human Capital

CAP Goal Metric	FY17 Goal	FY18 Goal	FY19 Goal
Achieve Savings	$53M (7.5% of Increase SUM FY17 Goal)	$89M (7.5% of Increase SUM FY18 Goal)	$125M (7.5% of Increase SUM FY19 Goal)

CAP Goal Metric	FY17 Goal	FY18 Goal	FY19 Goal
Increase SUM	$712M (15% of FY15 overall category spend not already captured in FY16)	$1.2B (25% of FY15 overall category spend not already captured in FY16)	$1.6B (35% of FY15 overall category spend not already captured in FY16)
Reduce Contract Duplication	14,646 (10% of FY15 Baseline contract count)	13,018 (20% of FY15 Baseline contract count)	10,577 (35% of FY15 Baseline contract count)
Small Business Utilization	24% (FY15 baseline)	24% (FY15 baseline)	24% (FY15 baseline)
Increase Acquisition Gateway Usage	N/A	N/A	N/A

Summary of Initiative KPIs

CAP Goal Metric	Initial Baseline FY15	FY16[5] Goal	FY17 Goal	FY18 Goal	FY19 Goal
Achieve Savings[6] (Cumulative)[7]	$0	$6M (calculated as 4% of HCaTS est. business volume)	$31M ($37M cum.)	$36M ($73M cum.)	$41M ($115M cum.)
Increase SUM[8]	$0	$168M	$300M	$420M	$736M
Reduce Contract Duplication[9]	16,273[10]	15,459	13,638	12,393	11,648

[5] Year-one plan targets were specifically aimed at CY16 as opposed to FY16, chart represents the CY16 targets.

[6] The savings related to shared services is significant and will be included after the category scope re-baseline is complete

[7] Fiscal year goal represented with a cumulative total in parenthesis below to provide a point of reference to the Cross-Agency Priority (CAP) goals

[8] The SUM baseline will be re-established in FY17Q1 and will be considered to update goals, the chart currently represents SUM tied to the specific initiatives of the plan and does not capture spend that is currently under management

CAP Goal Metric	Initial Baseline FY15	FY16[5] Goal	FY17 Goal	FY18 Goal	FY19 Goal
Small Business Utilization[11]	24%	24%	24%	24%	24%
Increase Acquisition Gateway Usage	26 (Purposeful Visits)	130 (Purposeful Visits)	260 (Purposeful Visits)	390 (Purposeful Visits)	585 (Purposeful Visits)

Summary of Initiatives

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
1	**Introduce the Human Capital and Training Solutions (HCaTS) Contracts**	**Agency engagement on targeted opportunities (Q1-Q4)** Approach - With Federal agencies and HCaTS vendors, conduct a series of coordinated activities with the goal of preparing for launch and accelerating acceptance and	**Take Actions for designating HCaTS as a "preferred source" (Q1-Q2)** Approach - Based on anticipated success in launching HCaTS in FY 2017, FY 2018 focus will be on formalizing the HCaTS vehicle as a preferred source for HC spend moving forward.	**Strengthen small business access to HC demand through on-ramp of additional small business partners for training (pool-2) (Q1-Q4)** Approach - Conduct procurement process to add new SB vendors: Actions: 1. Develop mini-RFP with required pricing, past performance qualifications and

[9] The definition of standalone contracts has changed since the year-one baseline and target were established. The chart resets the baseline to the current definition and changes the FY16 target based on the dashboard field "Standalone Contracts".
[10] The baseline is established using FY15 contract count and the out year goals are intended to represent the planned reduction assuming consistent levels of spend. Additional spend in the category overall will result in a higher contract count even with the proportional shift toward a reduction in contract duplication.
[11] The sum of initiative specific contributions to Small Business Utilization do not cover the total category spend, the goals reflect maintaining utilization at the baseline rate.

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
		use. Actions sequenced throughout FY 2017 Actions: 1. Demand Side (Federal Agencies) - Outreach to the Federal agencies in preparation for contract launch. (GSA and OPM lead) Specific activities include: -- Internal to OPM – (a) conduct data analysis on past TMA contracts, align analysis with BRM, identify overall spend by agency, and capture Point of Contact (POC), (b) finalize new business processes, (c) create Delegated Procurement Authority (DPA) training based on GSA OASIS model, outline procurement process for “assisted” (OPM) activity – finalize fee structure, and (d) design an HCaTS workshop for agency staff. (FY17 Q2) -- External Outreach – design	Initial focus will be on developing appropriate policy guidance. Actions: Best-in-class (BIC) Preferred Source Policy (FY18 Q1) – Establish HCaTS as BIC for Human Capital • In coordination with the HCCM SMEs, evaluate HCaTS against the established BIC criteria • Communicate BIC determination to the CMLC with supporting justification captured using BIC tool • Establish HCaTS as BIC on the Acquisition Gateway (FY17 Q2) • Refine value statement and justification around the preferred source designation • Describe the value of using HCaTS, i.e., improve HC outcomes, lessons learned, and reducing administrative burden • Articulate the methodology for	references - draft to be based on original procurement document 2. Provide feedback opportunities to industry to ensure sufficient level of response to the RFP 3. Receive formal comments on draft and release final RFP - April 2019 4. Vendor response by June 2019 5. Evaluate and award contracts to new SB training providers by September 2019 - Maximum of 30 firms awarded new contract.

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
		a specific outreach strategy for the Federal agency client. First, meet with key procurement and HR leaders in the agencies who have used TMA and other HR contracting. Second, organize and deliver the workshops noted above. (FY17 Q2) 2. Supply Side (Vendor Community) –Fully prepare the HCaTS vendor community for using the HCaTS contracts. Specific Activities include: • Design and deliver a specific industry day agenda for both the small business and large business winners of the HCaTS contract • Prepare and release, a joint letter of congratulations from the OPM Director and GSA Administrator to the private sector winners • Develop sample marketing material for the vehicle for	calculating savings and estimate future savings based on business volume projections • Document the efficiencies gained through the use of HCaTS from reduction of administrative burden to proven performance • Monitor posted business cases for planned new vehicles based on previously issued OMB memo requirements	

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
		use by the private sector • Finalize and distribute business procedures for the HCaTS contract. (FY17 Q2) 3. Communicate alignment of HCaTS with OPM and OMB human capital priorities for the federal agencies. (FY17 Q4)		
2	**Improve Market Alignment of HR Schedules** Discussion - Schedule 738X has several sections, for example 595-21 is for core human capital services, 595-22 is for Shared Service Provider (SSP) core services, and 595-26 is for SSP non-core services. Over time we would look at collapsing human capital service Schedules currently outside of 738X such as Schedule 874-4 into a new section of Schedule 738X. All vendors would transfer to the new designation. The opportunity would be to then look at all Schedule 738X sections, their services and how to approach overlap and align with the OPM Business Reference Model (BRM).	**Test Human Capital Business Reference Model for optimal market alignment (Q1-Q4)** 1. Test Human Capital Business Reference Model for optimal market alignment. (FY17 Q1) 2. Recommendation of Schedule 738X realignment towards BRM structure (FY17 Q1) 3. Analysis of vendor overlap between existing SIN structure and address issues (FY17 Q1) 4. Vendor response to restructuring and	**Implement and measure improvement with Talent Development Standards (Q1-Q2)** 1. Receive approval in coordination with HRLOB legal counsel to implement standards government-wide (FY18 Q1) 2. Develop documentation to educate buyers and on how to apply the standards in requirements documents and how meeting the standards will be evaluated (FY18 Q1) 3. Communicate standards to the	**Align Professional Services and HR Schedules to the market (Q1-Q3)** 1. Complete analysis to evaluate pros/cons of combining schedules for alignment to market and impact on the ordering process. (FY19 Q1) 2. If appropriate based on analysis develop value proposition for the move to the 738X Schedule from 874-4. (FY19 Q1) 3. Engage industry on concerns through formal request or industry roundtable discussion (FY19 Q1)

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
		acceptance of continued service delivery (FY17 Q1) 5. Communication to buyers - possible GSA workshops, webinars, etc. (FY17 Q2) 6. Data collection with analysis of spending with new alignment (FY17 Q4) 7. Outreach for feedback from vendors and buyers and work to improve in combination with analysis (FY17 Q4)	agencies HR leadership via the CHCO/CLO councils (FY18 Q1) 4. Engage industry regarding application of standards – expectation that the documented standards will serve as the basis for future service requests (FY18 Q1) 5. Post the standards on Acquisition Gateway in a user friendly format aligned to the functional area (FY18 Q2)	4. Conduct analysis of vendor overlap and NAICS scope between 595-26, 595-21, and 874-4 (FY19 Q2) 5. Identify risk from 874-4 pool of vendors for a realignment (FY19 Q2)
3	**Increase Shared Services Synergy**	**Pilot learning management systems migration to resolve supplier price escalation (Q1-Q4)** 1. Negotiate 18 month extension of existing services with one of the current suppliers to avoid a gap in services for customer agencies (FY17 Q1) 2. Evaluate Shared Service Provider (SSP)	**Partner with USSM to establish managed sources of supply for SSPs (Q1-Q4)** 1. Identify common SSP demand areas for services, i.e., talent acquisition - example FDA hiring initiative - imperative to hire 2000 new employees by start of FY 2017. Some "inherently federal functions"	**Policy memo to outline SSP systems and services that must be considered prior to agency acquisition (Q1)** 1. Develop /complete rough draft and structure of policy 2. Refine value statement and justification around the consideration of SSPs first 3. Describe the value the SSPs will provide, i.e., improved response time to demands,

No	Initiative	Key Milestone Delivery Dates		
		FY17	**FY18**	**FY19**
		capacity for migration of nine (9) specific customers off of current system to best match system based on requirements (FY17 Q1) 3. Provide recommendations of SSP(s) based on evaluation (FY17 Q1) 4. Follow existing process to put new Interagency Agreements (IAAs) in place (FY17 Q2) 5. Develop migration requirements to facilitate the move to new system for eight effected customers (FY17 Q2) 6. Execute migration and evaluate results (FY17 Q4)	remain, but bulk of work can be done by contractors. (FY 18 Q1) 2. Analysis of federal vs. vendor capacity issues (FY18 Q2) 3. Evaluate demand areas against Best-In-Class (BIC) providers (FY18 Q2) 4. Validate capacity of BICs 5. Partner SSPs with BICs and streamline access through BPAs or similar procurement vehicles (FY18 Q4) *Must use existing vehicles first, or justify need for new acquisition and/or consider a specialized BIC*	lessons learned for continuous improvement, and transfer of risk 4. Document the methodology for calculating savings and estimate future savings based on business volume projections. 5. Document the efficiencies gained through the use of SSP from reduction of administrative burden to proven performance through existing customer base.
4	**Specialized Contracts Availability**	**Pilot Army HR Solutions as specialized gov-wide solution (4th gen FY17 Q1, 5th Gen FY18 Q2)** Characteristics of Army HR Solutions: 1. Currently available to both Defense and VA 2. Vehicle has	**Evaluation to determine additional specialized BICs (Q2-Q4)** 1. Improve data analysis capability to determine what areas of specialized services are being bought (FY18 Q1)	**Agency engagement to target migration to identified BICs (Q1)** 1. Leverage improved data analysis capability to determine agencies that have a recurring need for the specialized service

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
		high SB performance - increasing over time 3. Offers service of employee counseling 4. Meets specific needs of the Defense Department Actions: 1. Evaluation of BIC 2. Define the specialty 3. Communicate through Gateway	2. Survey agencies on specialty needs based on findings from analysis (FY18 Q2) 3. Evaluate existing vehicle scopes and small business suppliers for specialty items (FY18 Q3) 4. Evaluate identified vehicles against BIC criteria and make determinations or adjust strategy to pursue new vehicles to aggregate existing small business supply base and increase vehicle availability (FY18 Q4) 5. Recommendations to vehicle owning agencies on expanded availability to agencies (FY18 Q4)	2. Follow best practices from HCaTS adoption to drive adoption to specialized BIC
5	**Cultivate a Center of Excellence**	**Partner with BIC solution program offices to buildout requirements library (Q3-Q4)** 1. Catalog listing of BIC solutions against the BRM service areas including contact	**Pilot agency HR dashboard for better buying decisions (Q1-Q4)** 1. Outline scope of dashboard information (FY18 Q1) 2. Identify host	**Expand SRM efforts to facilitate terms for training content reuse (Q1-Q3)** 1. Catalog listing of training content and determine priority training content for reuse

<table>
<tr><th rowspan="2">No</th><th rowspan="2">Initiative</th><th colspan="3">Key Milestone Delivery Dates</th></tr>
<tr><th>FY17</th><th>FY18</th><th>FY19</th></tr>
<tr><td></td><td></td><td>information (FY17 Q3)
2. Reach out to program offices for requirements documents (FY17 Q3)
3.Organize and post requirements information on Acquisition Gateway (FY17 Q4)</td><td>agency to pilot "Dashboard" (FY18 Q1)
3. Negotiate IT/HR contract support for developing HR Dashboard (FY18 Q2)
4. Coordinate development of "Dashboard" (FY18 Q3)
5. Evaluate pilot and plan for full rollout of HR Dashboard (FY18 Q4)</td><td>(FY19 Q1)
2. Coordinate with training vendors on how best to approach copyright issues (FY19 Q2)
3. Engage in dialogue on legal issues and establish options going forward (FY19 Q3)</td></tr>
<tr><td>6</td><td>Formalize HCCM Governance Structure</td><td>Establish and implement formal governance structure (Q1-Q3)

1. Identify Governance Components, i.e., sponsors, steering committee, support groups (FY17 Q1)
2. Define roles of various components (FY17 Q1)
3. Establish governance charter based on roles and describe ongoing activities (FY17 Q2)
4. Communicate charter to HR community (FY17 Q2)
5. Initiate</td><td></td><td></td></tr>
</table>

No	Initiative	Key Milestone Delivery Dates		
		FY17	FY18	FY19
		governance activities based on roles and activities outlined in charter (FY17 Q3)		

Initiatives and Targets

No	Initiative	Targeted Spend	KPI Targets			
			KPI	FY17	FY18	FY19
1	**Introduce the Human Capital and Training Solutions (HCaTS) Contracts**	$250-400M (est. vol.) $1,500M (market oppurt.)	**SUM**[12]	$200M	$280M	$320M
			Savings[13]	$10M	$14M	$16M
			Contract Reduction[14]	2,500 reduction	3,500 reduction	4,000 reduction
			Small Business[15]	28%	28%	28%
			Acquisition Gateway			
2	**Improve Market Alignment of HR Schedules**	HRSch[16] = $150-300M	**SUM**[17]	$0	$0	$296M

[12] SUM estimated to be 80% of targeted spend based on survey coverage compared to initial HCaTS spend analysis of CMLC agencies.

[13] Calculated based on the approved FSSI savings methodology of 4% against estimated annual spends, an additional request to validate the *Human Capital and Training Solutions (HCaTS) Consolidation Analysis* may result in an increased savings rate of 14.88%

[14] Estimated annual spends divided by average contract value of $100K = count of contracts reduced

[15] HCaTS baseline Small Business utilization based on KDP2 documentation

[16] Range = FPDS-NG spend data – GSA 72A report data, both data sources should be relatively close, in this case there are large variances

[17] The HR and Professional Services Schedules are not included in the Transactional Data Reporting (TDR) pilot and therefore will not meet the criteria to contribute to SUM in FY17/18. The estimate for FY19 assumes the TDR requirement will extend to all schedules and 80% will be reported by agencies.

No	Initiative	Targeted Spend	KPI Targets			
			KPI	**FY17**	**FY18**	**FY19**
		PSS = $220-650M Total = $370-950M	**Savings**[18]	$14.8M	$14.8M	$14.8M
			Contract Reduction[19]	75	260	445
			Small Business[20]	24%	24%	24%
			Acquisition Gateway			
3	**Increase Shared Services Collaboration**	$1.7-2.3B[21]	**SUM**[22]	$0	$0	$0
			Savings[23]	$0	$0	$0
			Contract Reduction[24]	0	0	0
			Small Business[25]	24%	24%	24%

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[18] Calculation uses the 4% FSSI savings as a placeholder until official services schedule methodology is developed. The proposed approach will be to consider a basket of goods (services) price comparison to develop the savings rate.

[19] Conservative estimate of 5% increase in adoption rate annually based on initiative milestones and supported by agency outreach. FY17 only impacts HR Sched, out years also impact PSS.

[20] The schedules are not planned to negatively impact small business so the goal remains at baseline

[21] Range represents HRIT inventory – Exhibit 53 submissions

[22] Shared service providers contracts must be identified in coordination with Unified Shared Services Management for evaluation in support of SUM.

[23] *Human Resources Line of Business FY 2011 Cost Benefit Analysis (CBA) Report* findings note that agencies migration to shared services centers will save $184M annually after 2015. This will be added into the initiative savings KPI contribution after payroll and HR systems are considered in scope (pending re-baseline).

[24] Currently lack data fidelity to examine what contracts are linked to shared services provided by an agency vs. agency contracts for their own use.

[25] Share services providers contract information is not sufficient to estimate a change from baseline.

No	Initiative	Targeted Spend	KPI Targets			
			KPI	**FY17**	**FY18**	**FY19**
			Acquisition Gateway			
4	**Specialized Contracts Consolidation**	Army HRS $120-270M[26]	**SUM**[27]	$120M	$120M	$120M
			Savings[28]	$5M	$5M	$5M
			Contract Reduction[29]	60	120	180
			Small Business[30]	53%	53%	53%
			Acquisition Gateway[31]	50	80	120
5	**Cultivate a Center of Excellence**	$4.7B	**SUM**			
			Savings[32]	$1.6M	$3.2M	$5.7M

[26] Reflects average spend from FY12-15, with a range to capture FPDS-NG data – Army Program office data.
[27] Estimate based on 100% of Army HRS spend since this is all interagency work and Army will be included in the survey. After decision on 5th gen of contract to proceed with solicitations estimates of planned spend will require SUM estimates to be revised.
[28] Calculation uses the 4% FSSI savings as a placeholder until official services schedule methodology is developed. The proposed approach will be to consider a basket of goods (services) price comparison to develop the savings rate.
[29] Conservative estimate of increasing adoption by 5% annually

[30] Small businesses should have an advantage in specialized contracts and the percentage shown is the average utilization from the Army HR Solutions vehicle.
[31] Assumes 20% (share of BPA call and delivery orders) of purposeful visits will be focused on finding specialized BIC solutions.
[32] Captured as 1% administrative savings associated with the planned level of contract reduction and will need to be revisited once savings methodologies are finalized to avoid any potential double counting. Savings = count of reduced contract x avg. contract value x 1%.

No	Initiative	Targeted Spend	KPI Targets			
			KPI	**FY17**	**FY18**	**FY19**
			Contract Reduction[33]	0	0	0
			Small Business[34]	24%	24%	24%
			Acquisition Gateway[35]	210	310	465
6	**Formalize HCCM Governance Structure**	N/A	**Not tied to KPIs**			

4.2. Category Specific Targets

The intent of the HCCM team is to introduce a Human Capital Quality metric long term. The year one strategy suggested gathering a sample of delivered solutions through existing vehicles for analysis against the OPM HCAAF and policies for adherence as a starting point. Depending on the timeline of the pilot of Talent Development standards and other functions of the BRM the related performance measures could serve as an alternative source for quality measurement. Additional investigation into the most practical and beneficial approach must be completed in order to define the methodology, establish a baseline, and develop targets. The HCCM team plans to engage our industry partners to examine quality metrics/measures that may already be in place and the associated data collection methods to determine established best practices and consider incorporating.

Summary of Category-Specific KPIs

Category-Specific Goal Metric	Initial Baseline	FY16 Goal	FY17 Goal	FY18 Goal	FY19 Goal

[33] The COE will support contract reduction but is only a tool to communicate the path to the noted reductions in the initiatives and contract solutions above.
[34] The COE will not negatively impact the SBU and is expected to maintain the baseline
[35] All purposeful visits not directly related to specialty BICs are 80%

Category-Specific Goal Metric	Initial Baseline	FY16 Goal	FY17 Goal	FY18 Goal	FY19 Goal
Human Capital Quality	N/A	N/A	Est. methodology, baseline, goals	TBD	TBD

FY 2016 Government-Wide Category Strategic Plan

Version 2.0

Office Management

Gregory Hammond
Category Manager

November 2016

Table of Contents

1. Approvals and Concurrences

Concurrence of Interagency Team Members:

Category Team Member | Date

Category Team Member | Date

Category Team Member | Date

Approval:

12/8/16

Government-wide Category Manager | Date

11/23/16

U.S. Chief Acquisition Officer,
Office of Management and Budget / CMLC Chair | Date

2. Executive Summary

Category management is a new approach by the federal government to buy common products more efficiently like a single enterprise. It is a large shift in managing purchases and prices individually across the country in numerous procurement offices to a more centralized approach. This effort will combine the government's vast buying power, drive consistent buying practices across agencies, disseminate purchasing information and reduce inefficiencies and waste to improve purchasing and deliver better value to the government and taxpayers.

Office Management (OM) has been designated as one of the 10 common categories of spending across the federal government. This category is defined as the products and services that office managers need to support a modern office environment. This category impacts the productivity and effectiveness of every federal agency with products ranging from pens and paper to unified records management. Office Management consists of three subcategories:

- Office Furniture
- Office Management Products
- Office Management Services

These Office Management subcategories encompass 54 Product Service Codes. The Office Management category totaled $1.77B in purchases for FY15 but that figure could be more than $2B when purchases below the $3,000 threshold are included.

V1.0 Recap:

OM's V1.0 initiatives focused on the following:

- Increase Spend Under Management (SUM) in OM Services through a collaboration with DLA on Print Management and other services:
    - In order to bring more of Office Management SUM, GSA partnered with DLA to devise an acquisition strategy to convert open market and other contracts to DLA BPAs. The DLA Equipment Management Solutions estimated $365M spend over the next five years. The DLA BPA was awarded in July 2016 and part of V2.0 will be to make the service available government-wide.

- Increase SUM on OM Products by defining OS3 as the Best In Class (BIC) vehicle.
    - Part of the initial strategy for Office Management involved making OS3 the BIC vehicle for the purchase of office supplies. The Office Management team has invited Office Supplies SMEs to evaluate whether OS3 qualifies

    for the BIC designation, to identify barriers to its adoption and to suggest/support the implementation of solutions to these barriers.
  - OS3 was reviewed by an interagency group of subject matter experts and the Office Management category management leadership and has received Best-In-Class Designation as of September 2016

- Increase SUM for Office Management Products by driving open market spend to OS3.
  - In conjunction with identifying and promoting OS3 as the BIC vehicle for office supplies, the OM team has worked with high spend agencies to adopt the new vehicle. Along with this effort the OM category has achieved $155M in spend through OS3 which is projected to rise 15% to $179M in CY17.
  - As of August 2016 spend on OS3 stood at $224M.

- The OM CM team also committed to achieving an overall savings rate of 20% on sales of $155M in OS3's Purchasing Channel.
  - The savings rate objective was met and it currently stands at 24.3% as of July 2016.

- Increase Small Business utilization.
  - The focus of OM's V1.0 strategic plan involved focusing on the Office Supplies subcategory procurement vehicle in increasing SBU to align with agency priorities and socioeconomic goals. Current small business utilization on OS3 has surpassed the goal of 74% and is currently at 81.3%.

- Increase use of the Acquisition Gateway through creation of new Office Management Hallway which will leverage dynamic customer tools including the Furniture Buying Guide, Pricing Tool and Prices Paid Tool.
  - A central goal across all categories has been to increase government usage of the acquisition gateway in order to share experience and expertise across agencies. This is one the keys in making government-wide category management act as one. The OM team has conducted a review of the Furniture Buying Guide and identified content and
  - functionality enhancements for the category's hallway. The OM team has well surpassed its goal of 180 purposeful visits to the Acquisition Gateway by recording 337 visits as of August 2016.

3. Spend Analysis

3.1. Category Scope

Sub category	% of Cat. Spend	Top 3 Agency Spenders	Top 3 Vendors	Top 3 PSC Codes
Furniture	57.5%	• Army • State • Air Force	• Heritage Home Group • Knoll Inc • Federal Prison Industries	• **7110** Office Furniture • **7195** (Misc Furniture) • **7105** (Household Furniture)
Products	31.5%	• Army • Air Force • Navy	• LC Industries • Office Depot • Tammi Group	• **7510** (Office Supplies) • **7490** (Miscellaneous Office Machines) • **7125** (Cabinets, Lockers, Bins, and Shelving)
Services	11%	• VA, • Air Force • Army	• Xerox • Ikon Office Solutions • All Native Services	• **W074** (Lease-Rent of Office Machines) • **J074** (Maint-Rep of Office Machines) • **L076** (Technical Representative-Books)

3.2. Baseline

Sub Category	FY15 Spend
Furniture	$1.2B
OM Products	$538.7M
OM Services	$195.9M
Category Total	**$1.77B**

3.3. Data Management Challenges: Purchase Card Data Quality.

Previous analysis has shown that an estimated $300M of Office Management products are bought below the micro purchase level ($3500) using Purchase Cards or SmartPay options.

Currently SmartPay data is categorized by merchant category code, not agency identifier as many agencies elect for that information to be obscured from analysis under national security directives. Much of the transaction description data may also be missing as vendors are not always required to provide it. While these data limitations present challenges for analysis, this portion of spend presents opportunities to provide insights into agency buying behaviors and areas for possible improvement.

The OM team, Category Management PMO, and SmartPay PMO are currently undertaking an effort to categorize the SmartPay data by mapping level 2 subcategories to merchant category codes (MCC) as a basis for initial analysis. The PMO can then return this data set to the OM team for further analysis and collaboration.

In collaborating with agencies who have provided their SmartPay spend, the OM team will be able to further analyze these small purchases and identify significant opportunities to move open market spend into BIC vehicles and increase SUM, realizing savings for these agencies and the government overall. Currently one third of CFO Act agencies have agreed to provide their data for analysis and by highlighting the additional insights and opportunities to these initial agencies, the OM team and OMB leadership should be able to leverage the results for more buy-in from other agencies to provide their agency identifiers. The OM team will use these results to identify, prioritize, and pursue further initiatives to improve KPIs.

4. KPIs

4.1. Program Targets

4.1.1. Continued Adoption of FSSI OS3

- The campaign to drive Office Supplies Open Market spend will continue. Initiatives will be executed to improve product pricing, delivery times and OCONUS availability. Subject matter expert from industry and government will be gathered to generate recommendations to refresh product offering and services. This campaign will generate increases in cost savings and small business participation within the Office Management category.

4.1.2. Restructure and open Office Supplies Product Schedule

- The Office Supplies Product Schedule (MAS 75) has been closed for several years and is poised for modernization. The OM category management initiative now provides the opportunity to transform this Product Schedule to a structure that will support Best In Class designation. The transformed MAS 75 schedule will include a Special Item Number (SIN) that will group similar product and service solutions together to aid in the acquisition process. This unique grouping of products, services and contract management requirements will transform the schedule to mirror OS3; thereby allowing OS3 to be retired in FY19. The retirement of OS3 will support the contract reduction Key Performance Indicator and reduce contract operational costs. Additionally, the transformed schedule will provide:

  - Enhanced product and services offerings,
  - Improvements in product quality levels
  - Expanded delivery to Alaska, Hawaii, Puerto Rico and other OCONUS locations.
  - Simplified Terms and Conditions to support Small Business Offers.
  - Simplified Offer submission requirements.
  - Improved customer feedback mechanism
  - Improved price and product reporting mechanisms.

- The resulting restructured Product Schedule will substantially increase small business participation, support the designation of the schedule as a BIC vehicle and substantially increase SUM. The transform schedule will also increase customer savings through increased access to new customer base.

4.1.3. Rollout DLA Equipment Management Service (EMS) and restructure for government-wide use

- The V1 initiative in the Office Management Services subcategory focused on the creation and awarding of the DLA EMS contract as a new vehicle for obtaining Office Management Services. The contract was awarded as planned and the OM category team and its Customer agency transitioned to full scale operations.

- OM V2.0 will focus the subcategory on the successful rollout into sales and contracting operations of the cradle-to-grave service offering. This service offering will substantially grow SUM and lead the effort for growing savings. The method of defining that savings will be developed during V2.0 and included in a later update to the plan.

- The next major effort under this subcategory will develop the methodology to restructure the newly awarded EMS vehicle to operate as government-wide. The current award has taken the initial steps;   the implementation as a BPA on GSA's existing Multiple Award Schedule 36.

  A government-wide service offering will allow this now mature contract to provide services offering to a much larger customer base. This will generate increases in SUM, Contract Reductions and additional savings as more organizations transition from open market or agency contracts to the EMS vehicle.

4.1.4. Define Workplace Environment subcategory and identify solutions to improve the Furniture Schedule (MAS 71)

- With 54% of the Office Management category spend, the Furniture subcategory warrants a detailed review of opportunities. Based on initial analysis, the use of government contracts in this subcategory were substantial. The use of government-wide vehicles has reached approximately 70% and when an Air Force BPA and Federally Mandated Unicore vehicles are added, the Government maintains 83% of the market. Open Market sales are approximately 17% of the market.

- This initial analysis also highlighted shortfalls in the available data. Questions remain on which PSC are appropriate for defining the Furniture subcategory. V2.0 of the plan will include an analysis of PSCs that should be used to define the Furniture subcategory.

- The results of this analysis will be used to determine if there are additional opportunities to improve the Furniture Schedule (71). Specifically,
    - Increasing product /services offering
    - Clarify packaging references for new and old products
    - Restructuring SIN groups to improve shipping.
    - Improvements to data availability

The following tables contain the high-level KPIs, initiative milestones, and individually focused initiative KPIs for the Office Management category. These initiatives focus on all three of the subcategories within OM and incorporate the Version 1.0 areas of focus.

Summary of Initiatives

Initiative	Key Milestone Delivery Dates		
	FY17	**FY18**	**FY19**
Continued Adoption of FSSI OS3	• Drive adoption of OS3 Vehicle (FY17) • Study viability of OS4 vehicle (Q3) • Validate OCONUS requirements (FY17)	• Refresh Product Offering (Q2) • Improve vendor feedback reports (Q3) • Update contract to address OCONUS requirements (Q3)	• Begin transition efforts for follow on acquisition(Q3)

Restructure and open Office Supplies Product Schedule (MAS 75)	• Develop acquisition strategy (Q1) • Develop briefing package, communication plan and approval schedule (Q1) • Develop acquisition plan, contracting package and contracting team (Q1) • Devise savings methodology (Q1)	• Release and award RFP (Q4) • Drive adoption of MAS 75 (Q4)	• Drive adoption of MAS 75 (FY19) • BIC Designation Review of MAS 75 (Q4)
Rollout DLA Equipment Management Solution (EMS) vehicle and restructure for government-wide availability	• Implementation of DLA EMS vehicle. (Q1) • Marketing and promotion of EMS vehicle (Q1) • Promote DLA EMS related articles and information on the Acquisition Gateway (Q1)	• Begin discussions with DLA Program Office (Q1) • Complete EMS service BIC evaluation (Q2) • Identify transition steps. (Q3) • Identify resource requirements (Q3) • Outline process steps (Q4) • Develop implementation timeline (Q4)	• Execution of government-wide transition plan for EMS service (Q2) • EMS BIC Designation review (Q4)
Define Workplace Environment subcategory and identify solutions to improve the Furniture Schedule (MAS 71)	• Deep dive analysis of Furniture PSC's (Q1) • Expand Supplier Relationship Management (Q2)	• Leverage PSC analysis findings to determine opportunities for improvement (Q2) • Utilize SME Working Groups to improve MAS 71 offerings (Q2) • Identify and obtain approval for new furniture strategy (Q4)	• Implementation of new furniture strategy (FY19)

Initiatives and Targets

Initiative	KPI Targets			
	KPI	**FY17**	**FY18**	**FY19**
Continued Adoption of FSSI OS3	**SUM**	$178M	$193M	$209M
	Savings	$35M	$38M	$41M
	Small Business	75%	75%	75%
Restructure and open Office Supplies Product Schedule	**SUM**	0	$400M	$405M
	Small Business	67%	67%	67%
Rollout DLA Equipment Management Solution (EMS) vehicle and restructure for government-wide availability	**SUM**	$80M	$80M	$80M
	Contract Reduction	N/A	TBD	TBD
Define Workplace Environment subcategory and identify solutions to improve the Furniture Schedule (MAS 71)	**SUM**	0	0	TBD
	Contract Reduction	0	0	TBD

4.2. Category Specific Targets

Summary of Category-Specific KPIs

Category Specific CAP Goal Metric	Initial Baseline FY15	FY16 Goal	FY17 Goal	FY18 Goal	FY19 Goal
Increase SUM	$1.77B (FY15 Total Spend)	$173M	$258M	$673M	$694M
Achieve Savings	Current published commercial rates / index	$31M	$35M	$38M	$41M
Small Business Utilization		75% (OS3)	**46%** *67%(MAS75)* *75% (OS3)*	**46%** *67%(MAS75)* *75% (OS3)*	**46%** *67%(MAS75)* *75% (OS3)*
Increase Acquisition Gateway Usage	0	180 Purposeful Visits	360 Purposeful Visits	396 Purposeful Visits	436 Purposeful Visits

5. Appendix

Draft MAS 75 Enhanced SIN
Acquisition Sensitive/Pre-Decisional - November 7, 2016

Planning for Office Supplies 4 (OS4): The Addition of a new 'enhanced' SIN on MAS 75 with best features of FSSI

Bottom Line, Upfront (BLUF):
GSA plans to add a new enhanced SIN to MAS 75 and accept new offers for the first time since October 2010. The new enhanced SIN will incorporate all of the Best In Class (BIC) features of FSSI OS3 while also incorporating the robust structure of MAS 75.

Problem:
FSSI OS3 is extremely successful in offering superior customer savings and acquired BIC status, however leakage of sales continue to MAS 75 and other vehicles. While GSA continues to grow the adoption of OS3 and drive open market spend to OS3, GSA is examining the best course of action for the next generation by planning a new, improved, and widely used solution.

Findings:

- Despite FSSI OS3's success, overall government spend since inception in FY10 still favors MAS 75 at a 3 to 1 ratio. Despite its enhanced features, FSSI OS3 has not been able to overcome previous government buying habits established with MAS 75. In FY16, $131.5M of office supply spend in GSAAdvantage went to a non-OS3 vehicle, according to the *FAS FSSI Summary Level Leakage Report Dashboard.*
- In addition, the office supply market is shrinking. When FSSI OS3 expires in 2019, the market will experience further decline.

	FY16 spend	FY15 spend	FY14 spend
MAS 75	$404,315,093	$563,057,025	$606,939,045
FSSI OS2/3	$137,708,923	$77,695,590	$134,174,321

- MAS 75 has been closed to new offers, since 2010. GSA did this to monitor and evaluate the impact of FSSI on MAS 75.
- When MAS 75 closed to new offers on October 1, 2010 there were 569 contractors. Since that time, that number has dropped to 313 as of August 10, 2016.

	MAS 75 Total Vendors
October, 2010	569

August, 2016	313

- As FSSI OS3 limits/caps total vendor participation, new small businesses have not been able to enter the federal market since the closing of MAS 75 in 2010. As a result of this action, congressional inquiries have increased both with GSA and other agencies (including Navy).
- GSA's goal is to increase opportunities for small businesses.

	Total vendors	SB vendors (% SB)
MAS 75	313	295 (94%)
FSSI OS2/3	23	22 (95%)

*as of 8/10/16

- Customers desire a trusted marketplace with good pricing, oversight, AbilityOne offerings, transactional data, leakage reports, and 24/48 hour delivery (when necessary).
- Customers are concerned that many of these solutions (which are part of FSSI OS3) will not be included if MAS 75 is re-opened to new offers.
- Customers also do not want to return to pre-FSSI days when agencies had to do their own contract vehicles for their own agency spend.

Solution:

- Our solution is to add a new enhanced SIN to MAS 75 for new offers that will incorporate all of the BIC features of FSSI OS3 while also using the robust structure of MAS 75.
- This will consolidate FSSI OS and MAS 75 into one acquisition vehicle rather than two competing vehicles.
- All of GSA's lessons learned in FSSI will go into the creation of the new MAS 75 enhanced SIN.
- This new, enhanced SIN, will create opportunities for qualified small businesses to compete in the federal market place.
- Maintain the same fee and cost recovery structure as OS3
- FSSI OS3 has achieved enhanced vendor requirements, improved pricing and savings, data spending tracking capabilities, and vendor accountability. The new MAS 75 SIN will include all of these enhancements that made FSSI OS3 a BIC solution.
- The Formatted Product Tool (FPT), estimated to be rolled out in 2QTR FY17, will help facilitate the pricing review process. In addition, the Transactional Data Rule (TDR) which requires Level 3 transactional data reporting for new offerors, has already been incorporated into MAS 75 effective October2016. The new MAS 75 SIN will be equally

competitive and strict to offers as FSSI OS3, employing higher-level evaluation factors to raise standards. In addition, the new SIN will add an Open/Closed period to MAS offers. This will keep the superior savings, oversight, and performance standards that exist in FSSI OS3.

- A major goal of the new solution is to increase opportunity for small business participation by at least 5%.
- By combining the two current solutions, contract reduction will be achieved and a single acquisition solution will offer increased market share, reduced program leakage and improved customer satisfaction.

Features of new SIN will include:

<u>Within Enhanced MAS 75 SIN (GSA On-the-Go), Contractor must meet the following go/no-go requirements:</u>

- AbilityOne-certified Contractor;
- Demonstrated ability to meet all environmental reporting and green product requirements;
- Demonstrated capability to provide real-time order status to GSA Advantage!®;
- Currently be able to provide point of sale discount for all contract orders;
- Agency-defined reports at no additional cost;
- Demonstrated ability to provide desktop delivery and secure desktop delivery;
- Standard delivery anywhere CONUS within 3 to 4 business days;
- Ability to deliver to Alaska, Hawaii, Puerto Rico, and international locations;
- Demonstrated ability to provide Fill or Kill status
- Ability to report subcontracting quarterly, other than small business only;
- Satisfactory past performance;
- Submission of completed Subcontracting Plan, if applicable.

<u>Additional Enhanced Features:</u>

- Modernized Terms and Conditions (T & C);
- Elevated technical qualifications and requirements;
- Simplified Terms and Conditions to support Small Business Offers;
- Simplified Offer submission requirements.
- More stringent Letter Of Supply (LOS) requirements to reduce customer problems with receiving noncompliant items.
- Customer feedback mechanism possibly on Acquisition Gateway.
- “Dynamic pricing” requirements and Transactional Data Requirements currently on OS3 will be fully incorporated into Enhanced MAS 75 SIN.
- Improved OCONUS capability.
- Open season every two years as conversely being continuously open.

Next Steps:

- Issue RFI on FedBizOps and GSA Interact for government and industry feedback before the end of calendar year 2016
- Analyze industry feedback
- Continue discussions with industry
- Open / close schedule, August to October, 2017

Transform Existing MAS 75: Side-by-side comparison of Current SINs, Enhanced SIN 75 2XX and new 75 200

	Current 75 200 & 75 210	**Enhanced 75 2XX**	**New 75 200**
Establishes an opening and closing date, thus improving cycle times. Open season every 24 months (2 years)/ limit modification submittals (with exceptions)		**X**	
Stronger Letter Of Supply (LOS)		**X**	**X**
Formatted Product Tool (FPT)/Transactional Data Rule (TDR) to support pricing and data requirements		**X**	**X**
Contractors cannot be on the new 75 200 SIN and enhanced 75 2XX simultaneously		**X**	**X**
Customer survey/feedback (User reviews on Acquisition Gateway - pilot)		**X**	
Incorporates technical evaluation standards: “Go-No Go” factors for Enhanced SIN ● Must be AbilityOne-Certified ● Ability to deliver to Alaska, Hawaii, Puerto Rico, and other OCONUS ● Demonstrated ability to provide “Fill or Kill” status ● Agency-defined reports at no additional cost		**X**	

Combine two existing SINs (75 200 and 75 210) into one Office Supplies and Services SIN (75 200)			X

Ordering procedures: current OS3 compared to future OS4/MAS 75 Enhanced SIN

	Current OS3	Future OS4/MAS 75 Enhanced SIN
Orders Below Micro-Purchase Threshold ($3,500)	• GSAAdvantage, DoD EMall and/or Vendor portals. Order placement via phone, fax, e-mail, in-person, or Contractor-operated website, typically via Government Purchase Card. • Orders may be placed with any OS3 contractor that can meet the agency's needs. • Delivery Tier discounts	• GSAAdvantage, DoD EMall and/or Vendor portals. Order placement via phone, fax, e-mail, in-person, or Contractor-operated website, typically via Government Purchase Card. • Orders may be placed with any "OS4" contractor that can meet the agency's needs. • Delivery Tier discounts.

*Majority of purchases are below micro-purchase threshold. For the orders above the threshold, ordering procedures are similar with the exception of use of government purchase card.

-As with OS3, OS4 customers will be required to compete procurements above $150,000, using the same GSA tools (e.g. GSA eBuy).

Fiscal Year (FY) 2017
Government-wide Category Strategic Plan

Medical Category

Version 2.0

Karen Guice, M.D. and David J. Shulkin, M.D.

Co-Category Managers

[11-15-16 Version]

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1. Approvals and Concurrences

I certify that the FY 2017 Medical Category Strategic Plan is complete and aligns with the Category Management goals and objectives.

	12/22/16	MD	12/13/2016
Government-wide DoD Co-Category Manager	**Date**	**Government-wide VA Co-Category Manager**	**Date**

Concurrence of Interagency Medical Category Management Team Members:

Angela Billups -S Digitally signed by Angela Billups -S DN: c=US, o=U.S. Government, ou=HHS, ou=OS, ou=People, cn=Angela Billups -S, 0.9.2342.19200300.100.1.1=2000664874 Date: 2016.12.28 08:48:50 -05'00'

Category Team Member	**Date**

Category Management Leadership Council (CMLC) Approval:

	1/3/17
Lesley Field **Acting U.S. Chief Acquisition Officer,** **Office of Management and Budget** **CMLC Chair**	**Date**

2. Background

In December 2014, the Office of Management and Budget (OMB), Office of Federal Procurement Policy (OFPP) announced that category management would become the organizing management principle for the roughly $270 billion of annual contract spend for common goods and services, which accounts for approximately 60% of all spending. A key metric in evaluating the success of Category Management is spend under management (SUM). The extent of SUM is defined based on a tiered maturity model, evaluating each category against five attributes: leadership, strategy, data, tools, and metrics. Tiers one and two are geared toward assessing SUM at the agency level while tier three is meant to assess the maturity of the Government-wide category.

Medical material is one product category and has a total spend of $35.6 billion. The Medical Category Management Team (MCMT) profiled the market environment and identified year one focus sub-categories and initiatives in Version 1.0 of the strategic plan. The pharmaceuticals sub-category ($18 billion of total spend) and the medical supplies and equipment sub-category ($6 billion of total spend) were analyzed, with the healthcare services sub-category ($11.6 billion of total spend) to be analyzed the following year. Medical material is a growing driver of healthcare costs with an anticipated average yearly increase of 10%. Federal spending represents 2% to 4% of the commercial market place. The three major Federal players are Department of Defense (DoD), Department of Veterans Affairs (VA), and Department of Health and Human Services (HHS), controlling 96% of medical spend.

In terms of achieving SUM, the pharmaceuticals sub-category was determined to have a more mature model. Leadership, strategy, data, tools, and metrics had been blueprinted, deployed, and are now being sustained or incrementally improved upon and leverage commercial best practices.

In terms of leadership, the Health Executive Committee, co-chaired by the medical category managers, has a designated DoD, VA, and HHS working group – the Acquisition and Medical Materiel Management Work Group – to coordinate and identify many similar objectives of category management.

In terms of strategy, data, and tools, DoD and VA have solutions in place that include mandatory/first consideration policies facilitated by electronic medical logistics functionality and business intelligence. Customer-wide policies and functionality drive material sourcing and ordering behavior toward the optimum value solution. Strategic sourcing solutions are in place and are realizing substantial cost avoidance with improved service. A robust and reliable just-in-time delivery model is enabled by industry-leading commercial distributors (prime vendors).

Products are acquired to meet imminent consumption needs and access to products is established to meet future or potential contingency needs. Thus, DoD, VA, and HHS are able to obtain deep discounts and industry-low prices with government-favorable terms and conditions through the use of traditional and reverse auction negotiating techniques, aggregated requirements, and long-term contracting strategies (commercial best practices). Year one objectives and metrics to drive increased usage of prime vendor programs and explore and exploit opportunities to expand Ecommerce were met. Metrics reports are expected in November 2016.

As a result, the medical category has relentlessly reduced the cost, manpower, and time required to deliver pharmaceuticals, medical supplies, and equipment to its Federal customers.

3. Executive Summary

Version 2.0 of the Medical Category Strategic Plan will continue maturing the SUM attributes identified in Version 1.0 of the plan, as the underpinnings of medical category management for Federal customers. Additionally, the healthcare services sub-category will be investigated for potential efficiencies.

Areas of pursuit in the second year of medical category management, for all sub-categories include:

- Explore the possibility of establishing a programmatic framework for the creation of best in class contracts (BIC) for Specialty Medical Services
- Joint National Pharmaceutical Contracts awards
- Evaluate the use of Electronic Catalog (ECAT) expansion as best serves the needs of agency requirements
- BIC sub-specialty supplies including cardiac, pacemaker, and orthopedic items
- Increase the use of medical/surgical prime vendors
- Expansion of VA hearing aid program

Continuing category management principles will slow blunt estimated cost increases by employing specific initiatives applied to medical material and services by over a quarter billion dollars a year.

4. Spend Analysis

4.1. Category Scope

Within the first year of medical category management, the MCMT has been able to accomplish a great deal in terms of cost avoidance and increasing SUM in FY 2016. Through the initiatives undertaken in Version 1.0 of the Medical Category Strategic Plan the team was able to achieve over $0.438 billion in cost avoidance. The largest portion of this accomplishment occurred in the pharmaceuticals arena. Additional discounts on the cost of pharmaceuticals were obtained through successful negotiation with the pharmaceutical prime vendors. Additionally, Joint Pharmaceutical National Contracts were developed that lowered the cost of numerous generic drugs. These contracts are being evaluated for potential BIC designation.

For FY 2017, the MCMT will continue to focus on strategic approaches that promote the use of Ecommerce across DoD, VA, and HHS. In the pharmaceuticals sub-category and the medical supplies and equipment sub-category, the use of Ecommerce is already quite high and is facilitated by the pharmacy and medical surgical prime vendor programs. These programs assist demand management by applying sound inventory management practices to establish stock levels and reorder levels. Ordering is completely electronic and distribution management is controlled by the Prime Vendor. The ECAT program supplements the prime vendor program by providing online ordering capability with full pricing visibility for those medical surgical items not already covered by the prime vendor. Additionally, the MCMT hopes these best practices can leverage better pricing for medical supplies.

New for FY 2017 is the application of category management to the purchase of medical services. This is a very complex commodity area and many services are covered under government health plan contracts. The team will attempt to identify services that are currently being procured by various agencies, but not covered under any health plan contract.

Specifically, the MCMT will promote initiatives that:

- Continue to expand delivery programs for pharmaceuticals and medical supplies and equipment at the optimum delivered costs.

- Automate, integrate, and continuously improve the cost avoidance functionality in existing sourcing processes and making that functionality transparent to the clinician. The ideal future state limits clinician involvement with the logistics system(s) translating material needs into rapid material delivery at the optimum delivered cost.

- Expand long-term contracts, based on fair and reasonable pricing, to provide as many of the medical items as practical to meet federal needs.

- Extend automated information systems that employ optimum price sourcing, and compliment clinical practices, to as many Federal customers as possible.

- Develop cross agency contracts for specialty services, including clinical staffing services so that quality and cost effectiveness are increased.

- Survey existing contracts for specialty supplies to identify BIC characteristics and that can be leveraged, cross-agency.

- Support small businesses that add value to the supply chain by servicing niche markets and requirements.

4.2. Baseline

The medical category is divided into three sub-categories, which accounted for $35.6 billion in spend in FY 2015. Of that $35.6 billion, 96.5% of the FY 2015 spend comes from DoD, VA, and HHS, and is distributed across the sub-categories as follows:

1. Pharmaceuticals (including vaccines): $18 billion
2. Medical Supplies and Equipment: $6 billion
3. Healthcare Services: $11.6 billion

Data management challenges include:

- Federal Procurement Data System (FPDS), which is the primary source of spend data, is useful only for a high level view. Recent data pulls have already uncovered evidence of significant errors in the assignment of product services codes. Also, it does not appear that “master contract vehicles” are properly recorded.

- FPDS data in terms of total spend conflicts with agency contract writing system records and also agency budget data.

5. Key Performance Indicators (KPI)

5.1. Program Targets

The following chart delineates the KPIs for evaluating the effectiveness of the medical category management initiatives described in this plan.

With regard to the Reduce Contract Duplication KPI, it is the intent of the MCMT to eliminate duplicate contracts at every opportunity when successfully establishing BIC contracts. However, there may be instances when successful BIC contracts create rather than eliminate additional contracts. In the case of Joint National Pharmaceutical Contracts, the underlying Federal Supply Schedules (FSS) contracts for the drug being purchased will remain in place. Therefore, the Category Action Plan (CAP) goal metric presented in Table 1 must be considered as informational only for the Medical Category. Once the population of contracts is measured for Healthcare Services, the goal is to reduce the number of duplicate contracts by 1-3% annually.

Table 1: Summary of KPIs

CAP Goal Metric Units	Initial Baseline FY 2015	FY 2016 Goal	FY 2017 Goal	FY 2018 Goal	FY 2019 Goal
Achieve Savings (Cumulative)	$35.6B overall category spend	$0.455B (Calendar Year)	$0.264B ($0.72B)	$0.228B ($0.947B)	$0.233B ($1.2B)
Increase SUM	38.7% ($13.5B)	41% ($14.2B)	52% ($18.2B)	53% ($18.6B)	53% ($18.6B)
Reduce Contract Duplication (Stand Alone Contracts)	94,684	94,684	9,468 (10%)	18,937 (20%)	33,139 (35%)
Small Business Utilization	11.8%	11.8%	11.8%	11.8%	11.8%
Increase Acquisition Gateway Visits	0 Purposeful Visits	85 Purposeful Visits	120 Purposeful Visits	320 Purposeful Visits	500 Purposeful Visits

Table 2: Initiatives and Milestones

Initiative	Key Milestone Delivery Dates		
	FY 2017	FY 2018	FY 2019
1. Explore the possibility of establishing a programmatic framework for the creation of BIC contracts for Specialty Medical Services **Annual Spend: $5.2 billion** All three major agencies procure all or some of these services. With wealth of experience in contracting for these services, the agencies could benefit from improvements in quality service and cost-effectiveness through identifying and employing best practices. The MCMT will analyze spend data and query agency contract data to get a better picture of the type and amount of specialty services being procured. From this information best practices and BIC vehicles can be identified.	12-30-16 Determine if these services are already covered by DoD Tricare contracts. 2-28-17 Establish spend, SUM, and cost avoidance baselines. 3-30-17 Review spend data and identify remainder non-Tricare specialty contracts to determine if overlapping contracts exist. 4-28-17 Review existing FSS contract for specialty medical services for price, terms, conditions, etc. 5-31-17 Review major agency only contracts to determine if the volume could be leveraged under FSS contracts. 6-30-17 Determine methodology similar to joint national contracts to compete volume among FSS schedule holders. 7-30-17 Hold supplier relationship meetings to get industry input on leveraging industry business practices.	10-1-17 Develop solicitation package or packages for joint contracts. 4-1-18 Award Joint contracts. 6-1-18 Transition requirements to new contracts. 7-1-18 Track usage and savings if the start dates occur before the end of FY 2018.	Quarterly: Track cost avoidance of contracts awarded that have performance in FY19. 11-1-19 Obtain BIC designation. 6-1-19 Develop policy related to joint contract usage.

Initiative	Key Milestone Delivery Dates		
	FY 2017	FY 2018	FY 2019
2. Award additional joint national pharmaceutical contracts **Annual Spend: $3.6 billion** Joint national contracts guarantee DoD and VA partners, including HHS, access to a wide array of generic pharmaceuticals at 30% to 40% off of the FSS prices. There are currently over 175 joint national contracts, 43 of which are issued by DoD with the remainder owned by VA. These joint national contracts obtain the lowest price of generic pharmaceuticals consistent with the long-term viability and participation of its commercial suppliers. This program operates under the auspices of agency Pharmacy Benefit Management (PBM) programs. These PBMs deal with issues of clinical effectiveness and pharmaceutical equivalencies and in doing so provide requirements management functions. This program in addition to the pharmaceutical prime vendor program provides increased demand management and enhanced distribution management. It also provides a platform for price monitoring and contract compliance. The MCMT will continue to leverage the strategic sourcing power of the existing 175+ joint contracts, while continuing to award additional contracts where applicable.	Monthly starting 10-1-16 VA and DoD jointly analyze and determine which additional contracts to pursue for FY 2017. Quarterly: Track usage and savings.	Monthly starting 10-1-17 VA and DoD jointly analyze and determine which additional contracts to pursue for FY 2017. Quarterly: Track usage and savings.	Monthly starting 10-1-18 VA and DoD jointly analyze and determine which additional contracts to pursue for FY 2017. Quarterly: Track usage and savings.

Initiative	Key Milestone Delivery Dates		
	FY 2017	**FY 2018**	**FY 2019**
3. Evaluate the use of ECAT expansion as best serves the needs of the agency requirements **Annual Spend: $0.900 billion** ECAT covers a variety of product lines to include optical, dental, laboratory and, more recently, implants. DoD ECAT pricing represents a 10% to 30% discount off commercial prices. Just as important is that its web-based, integrated functionality makes it cost efficient for both customers and suppliers, negating the need to use credit cards or individual acquisition actions to place an order. Participating agencies will focus on ECAT expansion efforts to purchase a wider variety and volume of supplies. For supplies not covered by the prime vendor contracts agencies could use the DoD ECAT program to speed delivery of material to the customer at optimum pricing.	2-1-17 HHS to determine the possibility of use of ECAT. 3-1-17 Determine if Justice and other agencies might need ECAT. 4-1-17 Make system available to participating HHS departments. 5-1-17 Make system available to other participating facilities. Quarterly: Track and measure usage and savings.	Ongoing: Evaluate mix of items on ECAT and add or adjust as appropriate. Quarterly: Track and measure new usage and respective cost avoidance.	Ongoing: Evaluate mix of items on ECAT and add or adjust as appropriate. Quarterly: Track and measure new usage and respective cost avoidance.
4. BIC for sub-specialty supplies including cardiac, pacemaker, and orthopedic items **Annual Spend: $0.500 billion** DoD, VA, and HHS procure all or some of these supplies, however, no cross agency contracts have been identified. If possible within the constraints of individual agency mission needs it is possible that BIC contracts can be developed.	1-28-17 Review spend data and identify commodities being procured by each agency. 3-30-17 Compare pricing terms and conditions of each of these contracts. 4-28-17 Determine if any of vehicles that appear to be BIC have scopes that	10-1-17 Solicit and award new CAP contracts. Quarterly: Track usage and savings if the start dates occur before the end of FY 2018.	Quarterly: Track cost avoidance of contracts awarded that have performance in FY19. 3-1-19 Review data to determine if new requirements can be identified. 6-1-19 Solicit

Initiative	Key Milestone Delivery Dates		
	FY 2017	FY 2018	FY 2019
The MCMT will analyze spend data and query agency contract offices to get a better picture of the type and amount of specialty services being procured. From this information best practices and BIC vehicles can be identified.	would allow other agency participation. 5-31-17 Determine if agencies can switch requirements to eligible BIC contracts identified above. 6-30-17 If existing BIC contracts can't be amended to include other agencies then, see if any of the agency contracting activities would be interested in pursuing a Best in Class contract. 7-30-17 If so, the cognizant contracting activity will obtain requirements from participating agencies.		CAP contracts for services identified above.
5. Increase the use of medical/surgical prime vendor **Annual Spend: $0.500 billion** The medical/surgical prime vendor programs are unique in their ability to reliably deliver medical material just-in-time to meet clinical needs. This ability reduces costs throughout the supply chain by minimizing the administrative costs of ordering material, speeding next-day delivery, minimizing the amount of inventory required on-hand to sustain operations and, in the case of pharmaceuticals, providing a negative distribution fee (discount) on the vast	11-30-16 VA medical/surgical prime vendor contracts begin implementation 6-30-17 Determine if HHS and other government agencies could either be added to VA, DoD contracts, or solicit similar contracts from their own agencies that capture the best practices of the VA and DoD contract process. Quarterly: Measure usage and cost		

Initiative	Key Milestone Delivery Dates		
	FY 2017	FY 2018	FY 2019
majority of orders. Under VA's Medical/Surgical Prime Vendor Next Generation program, the agency will drive increased usage through electronic ordering portals. The prime vendor also enhances demand management, serves as tool for contract compliance, and provides enhanced distribution management.	avoidance.		
6. Hearing aid program **Annual Spend: $0.04 billion** The VA program for the procurement and delivery of hearing aids has proven to be highly cost effective. Discount rates in the 50% range have been achieved through this program. DoD has been incrementally participating in this program and has reported similar savings. This program can be expanded to HHS and other agencies that procure hearing aids. The MCMT will identify additional requirements and investigate the feasibility of expanding the program even further.	11-30-16 Determine and track usage of this program at DoD. 12-30-16 Determine if HHS facilities can participate in this program. 7-1-17 Full implementation of program at HHS. Quarterly: Track usage and cost avoidance.	10-1-17 Determine if Bureau of Prisons (BOP) issues hearing aids to inmates. 1-1-18 Determine if BOP can be added to program. 3-1-18 Begin Implementation of program at BOP.	

Table 3: Initiatives and Targets

Initiative	Targeted Spend	KPI Targets			
		KPI	FY17	FY18	FY19
1. Explore the possibility of establishing a programmatic framework for the creation of best in class contracts (BIC) for Specialty Medical Services	$5.2B	**SUM**	TBD	TBD	TBD
		Cost Avoidance	0% $0	% $24M	1% $24M (Cum: $48M)
2. Award additional joint national pharmaceutical contracts.	$3.6B	**SUM**	20% $3.5B	20% $3.5B	20% $3.5B
		Cost Avoidance	$170M	$170M (Cum: $340M)	$170M (Cum: $510M)
3. Evaluate the use of ECAT expansion as best serves the needs of the agency requirements	$0.900B	**SUM**	10% $500M	20% $900M	20% $900M
		Cost Avoidance	$12M	$18M (Cum: $30M)	$18M (Cum: $48M)
4. BIC for sub-specialty supplies including cardiac, pacemaker, and orthopedic items	$0.500B	**SUM**	10% $500M	10% $500M	10% $500M
		Cost Avoidance	$2M	$5M (Cum: $7M)	$10M (Cum: $17M)
5. Increase the use of medical/surgical prime vendor	$0.500B	**SUM**	3% $150M	3% $150M	3% $150M
		Cost Avoidance	$67M	$10M (Cum: $77M)	$10M (Cum: $87M)
6. Hearing aid program	$0.04B	**SUM**	$6.2M	$6.2M	$6.2M
		Cost Avoidance	$13M	$1M (Cum: $14M)	$1M (Cum: $15M)

5.2. Category Specific Targets

5.2.1. Reveal Non-Traditional Contracts That Demonstrate SUM

With the current success of the cross-agency pharmaceutical program and the management of Healthcare Contracts under the VA and Tricare programs the current SUM does not reflect actual spend under management. Some of this is attributable to interpretation. The majority of pharmaceutical category is managed to the full extent with very little outliers or additional "non-contract" procurement. On the services side, the entire suite of Tricare Contracts would account for greater than 50% of care purchased through Federal Acquisition Regulation procedures. Additionally, it is believed that certain VA contracts in this category are also not being taken into consideration.

5.2.2. Track Cost Avoidance for Version 1.0 Initiatives That Conclude In the First Quarter of FY 2017

There are two Version 1.0 initiatives that have not been continued on into Version 2.0, which are still being tracked since these initiatives were planned for reporting on a calendar year basis. Therefore, the MCMT plans to continue to report additional SUM and cost avoidance under these initiatives in the first quarter of FY 2017. These initiatives are:

- Increase Pharmacy Prime Vendor Discount – Both VA and DoD have been successful in increasing the discount on the pharmacy prime vendor contracts.

- Contingency Requirements Contracts – DoD has been successful in purchasing access to commercial stock to support contingency requirements.

5.3. Category Management Policies

The medical category has well established policies that firmly address all supply chain principles.

This is particularly true for the drug and pharmaceuticals sub-category. The two largest agencies; VA and DoD, have well established PBM programs. These PBM programs address demand management through constant review of clinical equivalencies and establishment of agency formularies. The program is further enhanced through the mandatory use of the pharmacy prime vendor program. The pharmacy prime vendors provide order management, price monitoring, distribution management, and enforce auto-substitution policies for appropriate mandated drugs. Additionally, the prime vendors provide rich data reporting for all drugs distributed.

The medical surgical prime vendor program encompasses some of the policy attributes of the pharmacy prime vendor program. These include demand and distribution management and the ability to auto-substitute mandatory use supplies.

When the MCMT achieves its objective of getting BIC vehicles in place for medical services, additional policies will be developed that drive compliance and reporting.