

# Category Management: Professional Services

PSHC Symposium  
June 25th and 26th, 2018

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# Category Management: Overview



## Goal Statement

The Federal government will buy common goods and services as an enterprise to eliminate redundancies, increase efficiency, and deliver more value and savings from the government's acquisition programs. By the end of FY 2020, the government will achieve \$18 billion in savings for taxpayers by applying category management principles—or smart decision-making where agencies buy the same kinds of goods and services through best value contract solutions—to 60% of common spend. In addition, the government will reduce duplicative contracts by 50,000, potentially reducing administrative costs by hundreds of millions of dollars.



## Challenge

The Federal Government spends over \$300 billion on common goods and services each year. However, agencies buy in a fragmented manner, taxpayers often do not get the benefit of the Government's position as the largest buyer in the world.

Hundreds - and in some cases thousands - of duplicative contracts are awarded to the same vendors for similar requirements. This fragmentation leads agencies to pay significantly different prices - sometimes varying by over 300% - for the same items.



## Opportunity

The Government will not only save taxpayer dollars, but this effort will improve mission outcomes. For example, this will allow our law enforcement personnel to have easier access to equipment, such as ammunition and body armor, to ensure their safety; medical professionals can order pharmaceuticals through electronic catalogues to save time and focus more on patients; and agencies can buy standardized computers, which will allow them more easily prioritize modernizing the Government's information technology infrastructure.

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# Category Management: Overview



## Goal Statement

The Federal Government will use category management to eliminate redundancies, increase efficiency, and increase program effectiveness. By the end of FY 2020, the government will have implemented category management principles—through smart decisions and best value contract solutions—potentially reducing the number of duplicative contracts by 50,000,

### *Apply Category Management Principles:*

- *Smart decisions*
- *Reduce duplicative contracts*
- *Reduce administrative costs*



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# Category Management: Future State

## Current State of Purchasing



## Future State of Purchasing



# Category Management: Governance



**Category Management Leadership Council**



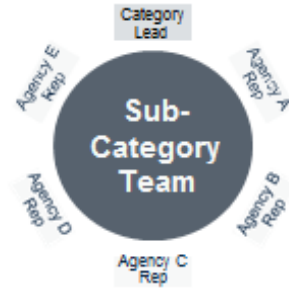
**Category Managers**

Government experts in the 10 categories - develop the government-wide strategy to drive improved performance and act as change agents for the category.



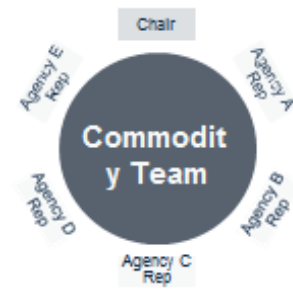
**Category Team**

Responsible for the development and execution of category strategies for a specific category (e.g., IT)



**Sub-Category Team**

Responsible for the development and execution of category-specific sub-strategies (e.g., IT software within the IT category).



Traditional strategic sourcing working group formed when the category management process identifies the need for a new acquisition solution.

**Teams are supported by close to 400 representatives across all agencies**

## Category Management PMO (GSA)



Provides overall program management support to category managers, including development of guidance, data analytics, build out of dashboards and tools.

## Acquisition Gateway



A single portal to support smarter buying for federal employees, including best practices, prices paid, contract terms and conditions, transactional information (such as prices paid data), white papers, market research, and information on procurement alternatives.

# Category Management: Leadership

Category Managers: Government-wide experts for each of the 10 common categories of spend responsible for developing category strategies, with support of interagency team members.



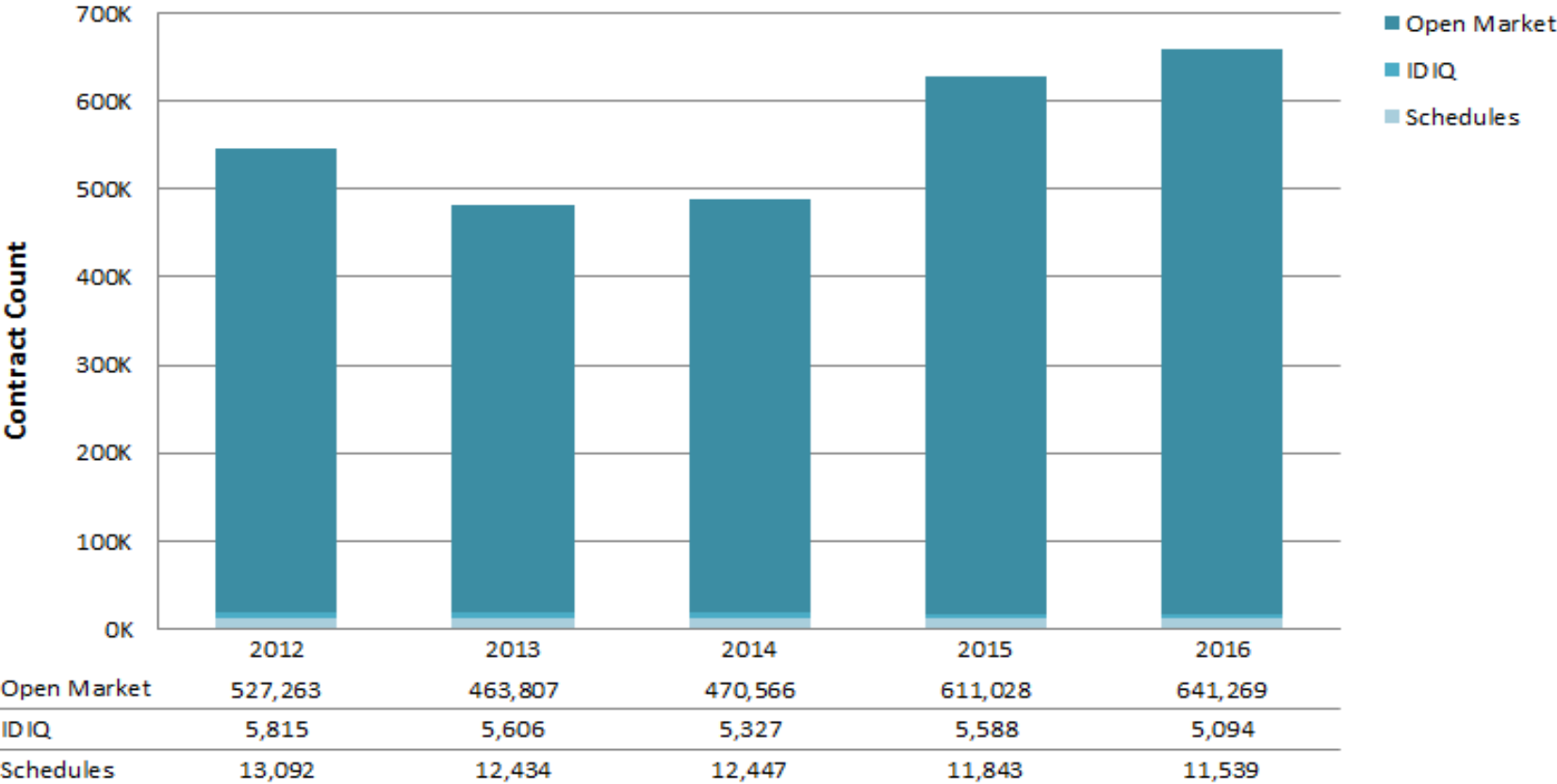


# Category Management: Government-wide Categories

<p><b>Facilities &amp; Construction</b> ≈\$81.2B Led by GSA</p> <ul style="list-style-type: none"> <li>Construction Related Materials</li> <li>Construction Related Services</li> <li>Facilities Purchase &amp; Lease</li> <li>Facility Related Materials</li> <li>Facility Related Services</li> </ul>	<p><b>Professional Services</b> ≈\$71.1B Led by GSA</p> <ul style="list-style-type: none"> <li>Business Admin Services</li> <li>Financial Services</li> <li>Legal Services</li> <li>Management &amp; Advisory Services</li> <li>Marketing &amp; Public Relations</li> <li>Research &amp; Development</li> <li>Social Services</li> <li>Technical &amp; Engineering Services</li> </ul>	<p><b>IT</b> ≈\$56.7B Led by GSA</p> <ul style="list-style-type: none"> <li>IT Software</li> <li>IT Hardware</li> <li>IT Consulting</li> <li>IT Security</li> <li>IT Outsourcing</li> <li>Telecomms</li> </ul>	<p><b>Medical</b> ≈\$43.5B Co-Led by DoD and VA</p> <ul style="list-style-type: none"> <li>Drugs &amp; Pharmaceutical Products</li> <li>Healthcare Services</li> <li>Medical Equipment, Accessories, &amp; Supplies</li> </ul>	<p><b>Transportation &amp; Logistics</b> ≈\$28.5B Led by DoD</p> <ul style="list-style-type: none"> <li>Fuels</li> <li>Logistics Support Services</li> <li>Motor Vehicles (non-combat)</li> <li>Package Delivery &amp; Packaging</li> <li>Transportation Equipment</li> <li>Transportation of Things</li> </ul>
<p><b>Industrial Products &amp; Services</b> ≈\$11.1B Led by GSA</p> <ul style="list-style-type: none"> <li>Basic Materials</li> <li>Fire/Rescue/Safety/ Environmental Protection Equipment</li> <li>Hardware &amp; Tools</li> <li>Industrial Products Install/ Maintenance/Repair</li> <li>Machinery &amp; Components</li> <li>Oils, Lubricants, &amp; Waxes</li> <li>Test &amp; Measurement Supplies</li> </ul>	<p><b>Travel</b> ≈\$7.5B Led by GSA</p> <ul style="list-style-type: none"> <li>Employee Relocation</li> <li>Lodging</li> <li>Passenger Travel</li> <li>Travel Agent &amp; Misc. Services</li> </ul>	<p><b>Security &amp; Protection</b> ≈\$5.4B Led by DHS</p> <ul style="list-style-type: none"> <li>Ammunition</li> <li>Protective Apparel &amp; Equipment</li> <li>Security Animals &amp; Related Services</li> <li>Security Services</li> <li>Security Systems</li> <li>Weapons</li> </ul>	<p><b>Human Capital</b> ≈\$4.5B Led by OPM</p> <ul style="list-style-type: none"> <li>Compensation &amp; Benefits</li> <li>Employee Relations</li> <li>Human Capital Evaluation</li> <li>Strategy, Policies, &amp; Ops Planning</li> <li>Talent Acquisition</li> <li>Talent Development</li> </ul>	<p><b>Office Management</b> ≈\$2.3B Led by GSA</p> <ul style="list-style-type: none"> <li>Furniture</li> <li>Office Management Products</li> <li>Office Management Services</li> </ul>

# Annual Contract Inventory

Annual Trend by Fiscal Year



# Key Performance Indicators

- **Spend Under Management (SUM)**: the amount of obligations through contracts that are actively managed in compliance with the SUM contract tiered maturity model
- **Best in Class Obligations Against Addressable Market**: the amount of obligations tracked via FPDS through BIC solutions
- **Cost Avoidance**: demonstrates the extent to which the program is delivering increased value for the goods and services acquired by agencies
- **Tier 0 Contract Reduction**: demonstrates the extent to which the program is reducing the number of Tier 0 (“open market”) contracts, defined as those contracts not aligned to category management principles
- **Small Business Utilization**: demonstrates the extent to which the program maintains or increases government use of small businesses (measured as a percentage) while implementing category management strategies
- **Category Management Training**: tracks the number of individuals trained in the aspects and components of category management

# Tiers of Spend and SUM Maturity Model

Category Management Strategies: The designation of Tiers of Spend are determined by the spectrum of maturity for these factors:

Leadership: Are there clear category management responsibilities?

Strategy: Are category management practices in place?

Data: Is analysis conducted and shared?

Tools: Are tools in place to share information and reduce duplication?

Metrics: Are metrics defined, tracked and publicized?

# Tiers of Spend and SUM Maturity Model

## Spend Under Management (SUM)

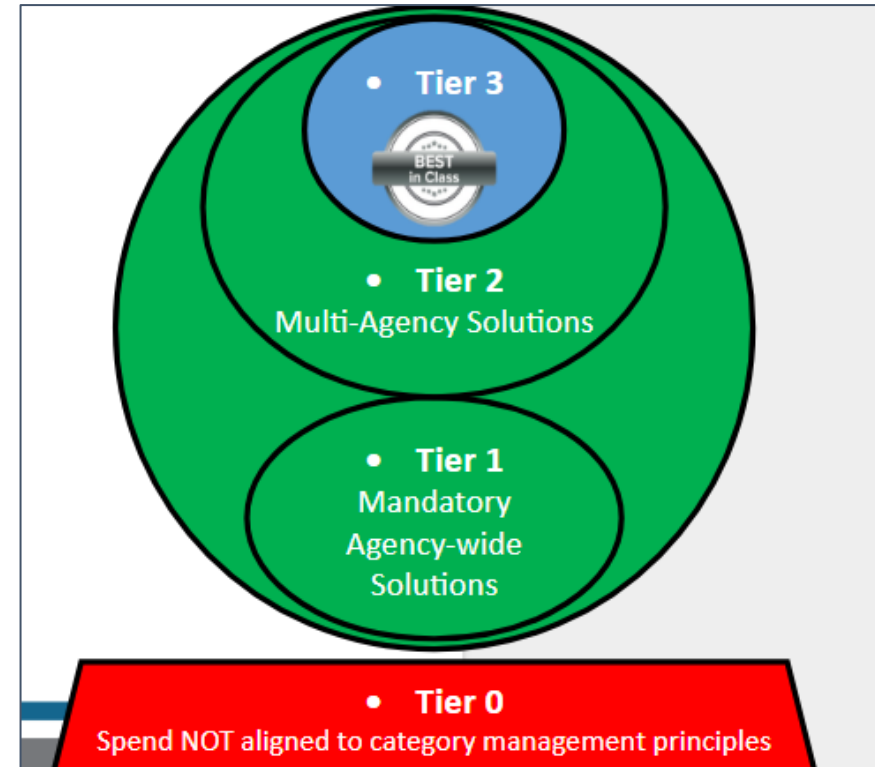
Spend on contracts that meet defined criteria for management maturity and data sharing; rated on a tiered maturity-rating scale

**FY18 SUM target:** Increase baseline spend under management (SUM) by 20%

## Best-in-Class (BIC)

Designation for government-wide contracts that satisfy OMB criteria; spend through BIC solutions is considered under management at the highest maturity rating tier

**FY18 BIC target:** Increase spend through Best-in-Class (BIC) solutions to at least 35% of baseline BIC-addressable spend



# Best-in-Class

- The Best-in-Class acquisition designation identifies government-wide contracts that satisfy [key criteria](#) as defined by the Office of Management and Budget (OMB).
- Best-in-Class solutions are pre-vetted, well-managed, and are recommended—and in some cases required—for use.
- Government-wide category teams have worked to designate solutions as Best-in-Class to reduce the amount of effort individual agencies and offices have to spend finding and researching solutions independently.

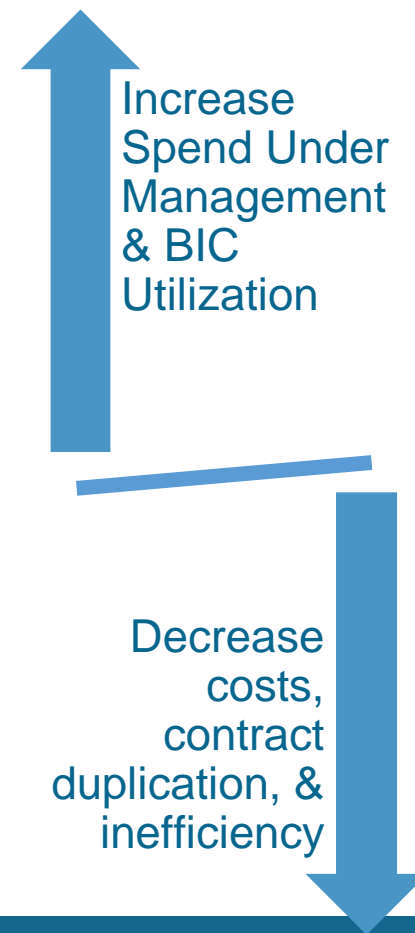
# Best-in-Class & Spend Under Management

## FY18 targets for all agencies:

1. Increase baseline SUM by 20%
2. Increase BIC spending to at least 35% of BIC-addressable spend

*Example: DOT targets on PMC communication to agencies*

FY16 SUM Baseline	FY18 SUM Target (20% more than FY16 SUM)
\$1,346,358,161	\$1,615,629,794
FY16 BIC-Addressable Spend	FY18 BIC Spend Target (35% of addressable spend)
\$2,542,181,616	\$889,763,566



# ***Professional Services Category Performance***



# Professional Services KPIs

KPI Targets						
KPI	FY17 Target	FY17 Actual	FY18 Target	Increase Over FY17	FY19 Target	Increase over FY18
<b>SUM</b>	\$2.2B	\$23.6B	\$24.1B*	2%	\$25.3B*	5%
<b>Savings (BIC Only)</b>	\$288M	\$304M	\$275M**	-7.7%***	\$280M**	1.8%
<b>Contract Reduction</b>	-10%	-0.83%	-5%	5%	-5%	5%
<b>Small Business</b>	32.1%	32.5%	33%	0.5% (1.5% effective rate of increase)	34.5%	1.5% (4.5% effective rate of increase)

\* SUM Tier 1 analysis completion could impact target

\*\*Savings targets can be increased significantly with proposed administrative saving methodology

\*\*\*Decreased savings in FY18 is based on anticipated lower spend volumes tied to FY18 budgets

# Professional Services KPIs

*The initiatives of the Professional Services Category are developed with input from an interagency team and are approved by the Category Management Leadership Council. They represent our efforts to achieve our goals established for each of the Key Performance Indicators*

# Professional Services Category Initiatives

Cross Cutting Goal		Key Initiatives
1	Reduction of Tier 0 spend and increased use of BICs	<ul style="list-style-type: none"> <li>• Increase use of OASIS, IPS, and SmartPay 3 BIC's</li> <li>• Increase use of the Professional Services Schedule</li> </ul>
2	Reduction in the number of duplicate contracts and/or more coordinated communications and strategies through focused vendor management efforts	<ul style="list-style-type: none"> <li>• Implement PS SRM program</li> <li>• Services spend analyses completed for top five PS spend agencies</li> <li>• Administrative savings methodology adopted for the Professional Services Schedule</li> </ul>
3	Implementation of demand management strategies	<ul style="list-style-type: none"> <li>• Steps to Performance Based Acquisition digital tool development</li> <li>• Sharing good practices</li> <li>• Services acquisition workshops initiative for civilian agencies</li> </ul>
4	Sharing of transactional data and analysis to inform better buying	<ul style="list-style-type: none"> <li>• Pricing data for services contracting shared through AG</li> <li>• Complete value analysis of pricing data for BIC's and Tier 2 SUM contracts</li> <li>• Ingest SmartPay as an additional "total spend" data source</li> </ul>
5	Maximizing small business participation and meeting requirements to buy from Ability One.	<ul style="list-style-type: none"> <li>• "Did you know" educational campaign for small business usage</li> </ul>

# Category Highlights

- Delivered **Category Spotlights** an educational series of webinars on topics such as Organizational Conflict of Interest, Performance Based Acquisitions, Requirements Development, and Smartpay3 with 1,866 total attendees
  - Small Business Mentor Protege Education Webinar scheduled for July 19
- Provided tools to the acquisition workforce in support of market research and better contracting practices through the launch of **Steps to Performance Based Acquisition, CALC and Discovery**
  - *Additional functionality being developed*
- Developed approach to **Supplier Relationship Management** including segmentation and interviews leading to a white paper with findings
- GSA Smartpay3 and OASIS received annual BIC recertification
- GSA Smartpay3 contract transition on track
- Services Acquisition Workshop Cohort established
- Proposed approach to **capture administrative savings for services contracts**, bringing together analysis from government and private sector consultants
- Small Business - “Did You Know” education campaign

# Professional Services Digital Tools\*



Users: 181,570  
New Users: 23,939  
Avg. time: 2:17 min



Users: 26,014  
New Users: 13,060  
Avg. time: 11:52 min



Accounts: 23,578  
New Users: 311  
Avg. time: 2:01 min



Users: 3,185  
New Users: 386  
Avg time: 2:58 min



Users: 1,689  
New Users: 689  
Avg. time: 4:31 min




Total Users: 19,016  
Weekly PS: 241 sessions



Launched Nov 2017  
Users: 2,811  
New Users: 2,518  
Avg. time: 4:37 min

\*Analytics as of April 30, 2018

# Tools To Buy Smarter

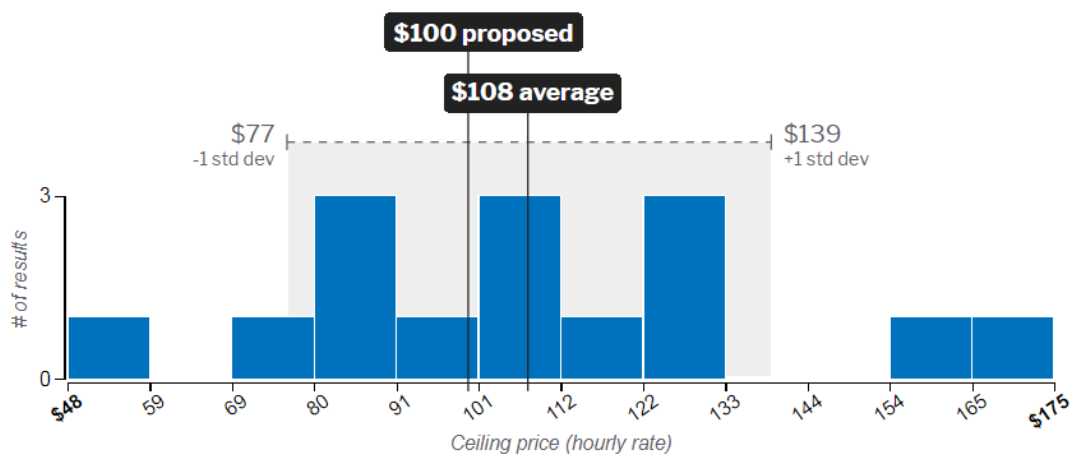
 An official website of the U.S. government



Contains words
  Contains phrase
  Exact match

Showing 15 of **15** results with **graphic designer**, education level: **bachelors degree**, worksite: **contractor**, business size: **small business**

## Hourly rate data



Std deviation -1 <b>\$77</b>	Average <b>\$108</b>	Std deviation +1 <b>\$139</b>	Proposed price <b>\$100</b>
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## Optional filters

**Education level:**

**Experience:**  
 years  
 -

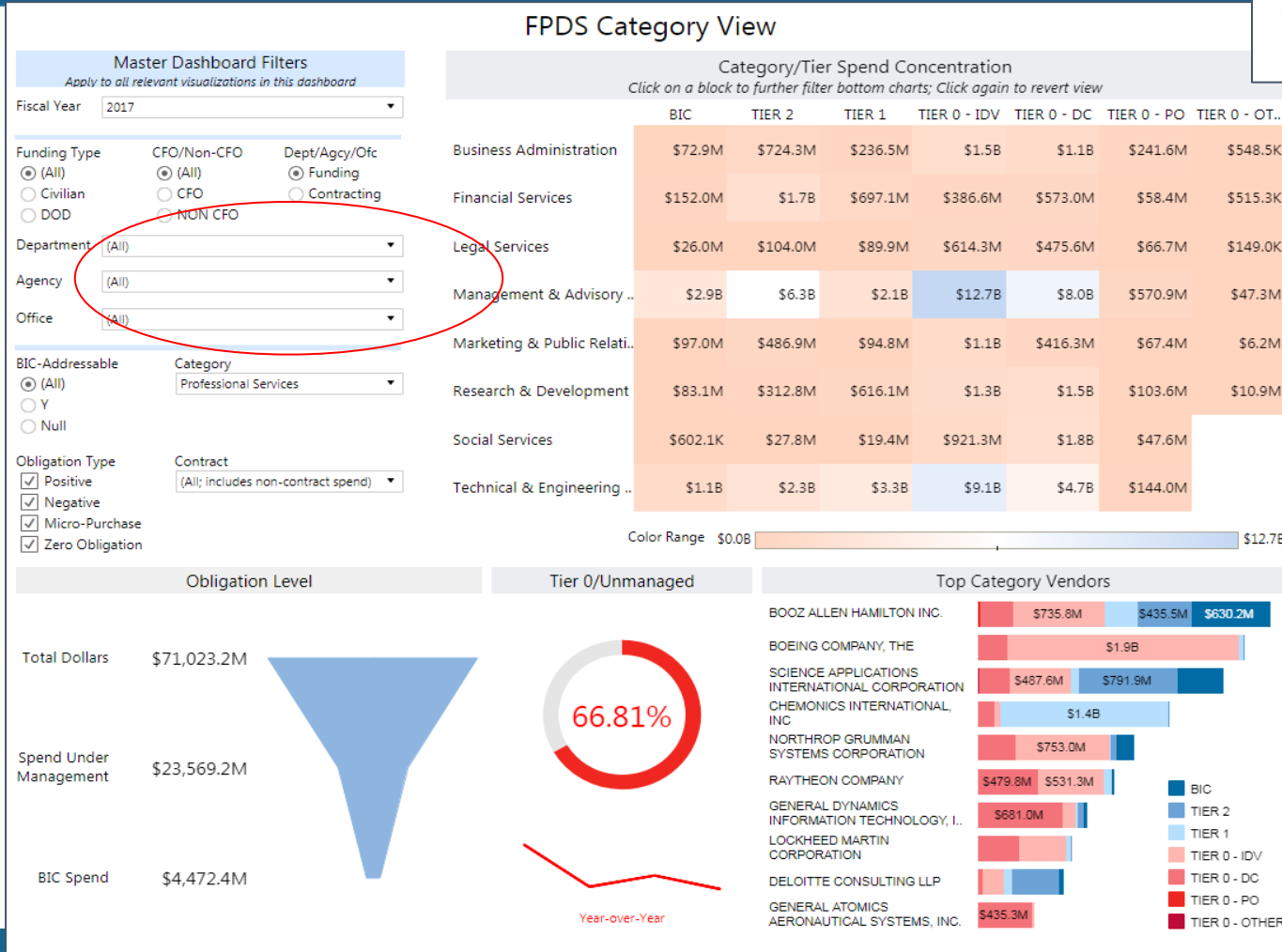
**Worksite:**

**Business size:**

**SIN / Schedule:** [What's this?](#)

**Contract year:** [What's this?](#)  
 +1 +2

# Tools To Buy Smarter



# Tools To Buy Smarter



## ACQUISITION GATEWAY

A workspace for acquisition professionals and federal buyers to connect with resources, tools and each other to improve acquisition government-wide.

The screenshot displays the 'Interactive Applications' section of the ACQUISITION GATEWAY. The interface has a dark header with 'Tools' and 'Resources' tabs. Below the header, the 'Interactive Applications' section lists various tools in two columns. The 'Solutions Finder' application, represented by a grid icon, is circled in red.

Tools	Resources
Interactive Applications	
CALC Tool	GuardFinder
eBay Open	Independent Government Cost Estimate (IGCE)
F&C Training and Education App	Laptop Desktop Finder
Forecast of Contracting Opportunities	Prices Paid Portal
Furniture Finder	Project Center
Global Search	Solutions Finder



***Questions?***

***Contact Info:***

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***[adam.soderholm@gsa.gov](mailto:adam.soderholm@gsa.gov)***