Army Strategic Sourcing Program
Briefing for the Federal Acquisition Training Symposium

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Strategic Sourcing Team Lead
Office of the Senior Services Manager
Deputy Assistant Secretary of the Army (Procurement)

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Agenda

➢ Army Strategic Sourcing Program

➢ Where we are now?

➢ Collaborations with Office of Management and Budget (OMB) and the Federal Strategic Sourcing Initiatives (FSSI)

➢ Category Management

➢ Where are we going
What is Strategic Sourcing?

Leverage Army’s Resources to Spend Efficiently

**Reduction in Cost Per Unit**
- Pricing Improvements
  - Lower unit price
  - Volume rebates
  - Payment term discounts

**Supply Chain Savings**
- Cost of capital
- Warehousing costs
- Shipping costs

**Reduced Lifecycle Costs**
- Maintenance costs
- Operating costs
- Disposition costs

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**Change in Consumption/Volume**
- Demand Management
  - Eliminate demand
  - Reduce consumption
  - Encourage substitution
  - Change product mix

**Specification Review**
- Eliminate “gold-plating”
- Simplify specifications
- Alternative products

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**Improved Operating Efficiency**
- Reduced Procurement-Related Operating Expense
  - PO Processing
  - Accounts Payable
  - Receipt/Warehousing
  - **Standardized procurement process**

**Performance Monitoring**
- Structured metrics and periodic review of contractor performance

**Improved Supply Management**
- **Socio-economic Goals**
  - Structured analysis of small/disadvantaged business opportunities

**Optimized Supplier Relationships**
- **Improved joint understanding of needs and capabilities**
- Increased efficiencies across the entire supply chain
Deputy Assistant Secretary Army – Procurement
The Senior Service Manager is the HQDA focal point for Strategic Sourcing

Army Strategic Sourcing Governance Structure

**SSEC**
- Executive championship
- Set strategic vision, direction, and priorities
- Drive commonality & standardization
- Eliminate duplication

**SSSG**
- Plan & orchestrates Army-wide communications
- Recommend Policies to DASA-P/SECARMY
- Assist working groups
- Tracks and reports progress to the SSEC
- Monitor DoD/Federal initiatives

**SSWG**
- Establish commodities teams
- Functional area prioritization
- Developing demand/forecast
- Tactical planning, scheduling & resource management
- Execute strategic sourcing strategies (Model)
Approved Strategic Sourcing Program

- Assistant Secretary of the Army (Acquisition, Logistics, and Technology) (ASA(ALT)), Released recommendations of Army Contracting Study, 30 Oct 2013
- SECARMY approved Army Strategic Sourcing Charter, 5 September 2013
- ASA (ALT) designated Deputy Assistant Secretary Army(Procurement) (DASA(P)) Senior Services Manager (SSM) as the Strategic Sourcing Accountable Official, 10 September 2013
- DASA (P) established the Army Strategic Sourcing Program, 17 September 2013
- SECARMY provided Preferred Source Guidance, 24 March 2015
- DASA (P) established Army Preferred Source Initiatives and Federal Strategic Sourcing Initiatives (FSSI), 10 May 2015 and 29 Jul 2015
- DASA (P) sign MOU with GSA for OASIS services and discount, 16 March 2015
- SECARMY Renewed Army Strategic Sourcing Charter, 31 July 2015
What are we doing now?

- **Army Contracting Study Recommendations:**
  - Establish Army priorities for Strategic Sourcing
  - Implement Army Strategic Sourcing Priorities across the Army
  - Contracting Enterprise:

- **Army Strategic Sourcing:**
  - Quarterly Strategic Sourcing Executive Committee Meetings
  - Monthly Strategic Sourcing Steering Group Meetings
  - Track of BCAs on MAX and Senior Services Manager Tracker to SPE
  - Road Shows

- **Army Collaboration and Commitment to the FSSI**
  - Office Supplies (OS3), $10-15M
  - Janitorial and Sanitation Supplies (JanSan), $10-15M
  - Maintenance, Repair and Operations Supplies (MRO), $3-5M
  - One Acquisition Solution for Integrated Services (OASIS), $500M
  - Building Maintenance and Operations Services (BMO), $10-15M
  - Human Capital and Training Operations Solutions (HCaTS), $3M
Establishment of the Of FSSI Program

- The Office of Management and Budget established the Federal Strategic Sourcing Initiatives (FSSI) Program to:
  - fulfill their requirement to provide contracting instruments for cross-government;
  - to strategically source across federal agencies;
  - establish mechanisms to increase total cost savings, value, and socioeconomic participation; collaborate with industry to develop optimal solutions; share best practices; and create a strategic sourcing community of practice.

- The FSSI Program has been implementing strategic sourcing solutions since 2005, with the award of three initiatives and the initiation of over fifteen emerging. The FSSI Program has helped improve the government management of commonly purchased goods and services that resulted in cost savings, improved management visibility, and adoption of industry and government agency best practices. Quarterly Category Management Leadership Council (CMLC).
## Army’s FSSI Participation

<table>
<thead>
<tr>
<th>FSSI</th>
<th>Lead Org</th>
<th>Army Spend</th>
<th>Army Saving</th>
<th>Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>OS3</td>
<td>GSA</td>
<td>$17.9M</td>
<td>$6.6M</td>
<td>$10-15 M</td>
</tr>
<tr>
<td>JanSan</td>
<td>GSA</td>
<td>$705,904</td>
<td>$146,246</td>
<td>$1-3M</td>
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<tr>
<td>MRO</td>
<td>GSA</td>
<td>$9.7M</td>
<td>$1.2M</td>
<td>$3-5M</td>
</tr>
<tr>
<td>BMO</td>
<td>GSA</td>
<td>Zone 1</td>
<td>Zone 1</td>
<td>$10-15M</td>
</tr>
<tr>
<td>HCaTS</td>
<td>PMO</td>
<td>Award</td>
<td>Award</td>
<td>$3M</td>
</tr>
<tr>
<td>OASIS</td>
<td>GSA</td>
<td>$632M</td>
<td>$4.1M</td>
<td>$500M</td>
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</tbody>
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Where are we going?

- **Army Strategic Sourcing** collaborative and structured process of critically analyzing an organization’s spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently.

- **Component Level Leads (CLLs)** appointed by the Component heads to assist the FDE in actively overseeing the life-cycle process of contracted services acquisitions.

- **DoD Functional Domain Experts (FDEs)** for services acquisition management will be appointed by the USD(AT&L): provide effective strategic oversight of contract service acquisitions.
OMB Category Management Leadership Council (CMLC) has broaden Strategic Sourcing and divided the federal marketplace into ten super categories of commonly purchased items.

- **Best In Class (BIC)** – Army’s first BIC; USACE Facility Reduction Program (FRP) and PEO EIS CHESS (to be announced)
- **Advertise Acquisition Gateway** – Army Acquisition Community understanding the benefits of this tool
- **Army sharing our Good News Stories of Strategic Sourcing/Category Management**
### General Government Categories 1-10 (total FY 2014 spend $275B)

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. IT</td>
<td>IT Software, IT Hardware, IT Consulting, IT Security, IT Outsourcing, Telecommunications</td>
</tr>
<tr>
<td>2. Professional Services</td>
<td>Business Administration Services, Legal Services, Management Advisory Services, Marketing and Distribution, Public Relations and Professional Communications Services, Trade Policy and Services, Technical and Engineering Services (non-IT), Financial Services, Social Services, Financial Services, Technical Services, Trade Policy and Services, Trade Policy and Services, Technical Services</td>
</tr>
</tbody>
</table>

### Office Management - $1.9B

- 6.1 Office Management Products
- 6.2 Office Management Services
- 6.3 Furniture

### Transportation and Logistics Services - $26.8B

- 7.1 Package Delivery & Packaging
- 7.2 Logistics Support Services
- 7.3 Logistics Civil Augmentation Program
- 7.4 Transportation of Things
- 7.5 Motor Vehicles (non-combat)
- 7.6 Transportation Equipment
- 7.7 Fuels

### Travel and Lodging - $2.7B

- 8.1 Passenger Travel
- 8.2 Lodging
- 8.3 Travel Agent & Misc. Services

### Human Capital - $4.1B

- 9.1 Alternative Educational Systems
- 9.2 Educational Facilities
- 9.3 Educational Institutions
- 9.4 Specialized Educational Services
- 9.5 Vocational Training
- 9.6 Human Resources Services

### Aircraft, Ships/Submarines & Land Combat Vehicles - $41.6B

- 11.1 Aircraft
- 11.2 Land Combat Vehicles
- 11.3 Ships & Submarines
- 11.4 Space

### Weapons & Ammunition - $15.1B

- 12.1 Ammunition & Explosives
- 12.2 Fire Control
- 12.3 Guided Missiles
- 12.4 Guns
- 12.5 Nuclear Ordnance
- 12.6 Weapons

### Electronic & Communication Equipment - $8.7B

- 13.1 Communication Equipment
- 13.2 Detection & Coherent Radiation Equipment
- 13.3 Electrical and Electronics Equipment
- 13.4 Night Vision Equipment

### Sustainment S&E - $22.7B

- 14.1 Drones
- 14.2 Engines, Components & Spt Eq
- 14.3 Materials
- 14.4 Supply Parts
- 14.5 Support Ships & Small Craft
- 14.6 Training Aids and Devices

### Miscellaneous S&E - $839M

- 15.1 Subsistence
- 15.2 Textiles, Clothing & Equipage

### Research and Development - $40.0B

- 16.1 Systems Development
- 16.2 Operational Systems Development
- 16.3 Technology Base
- 16.4 Commercialization
- 16.5 Pre-FY 1998 2-Digit Category

### Equipment Related Services - $16.5B

- 18.1 Maintenance, Repair and Overhaul
- 18.2 Equipment Modification
- 18.3 Installation of Equipment
- 18.4 Quality Control
- 18.5 Technical Representative Services
- 18.6 Purchases and Leases
- 18.7 Salvage Services

### Electronic Communication Services - $418M

- 19.1 Equipment Maintenance
- 19.2 Equipment Leases

**Note:** Spend figures are based on FY14 FPDS data.
# Army’s Category Management Participation

<table>
<thead>
<tr>
<th>Category</th>
<th>Category Manager</th>
<th>Army Representation</th>
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<tbody>
<tr>
<td>Facility and Construction</td>
<td>Mary Ruwwe, GSA</td>
<td>SSM, USACE, IMCOM and MICC</td>
</tr>
<tr>
<td>Professional Services</td>
<td>Tiffany Hixson, GSA</td>
<td>SSM</td>
</tr>
<tr>
<td>Transportation and Logistics</td>
<td>Lisa Roberts, DOD</td>
<td>SSM, HQG4 and AMC</td>
</tr>
<tr>
<td>Human Capital</td>
<td>Robert Briede, OPM</td>
<td>SSM and PEO EIS</td>
</tr>
<tr>
<td>Industrial and Products and Services</td>
<td>George Prochaska, GSSA</td>
<td>SSM</td>
</tr>
<tr>
<td>Office Management</td>
<td>Greg Hammond, GSA</td>
<td>SSM, USACE</td>
</tr>
</tbody>
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Army Strategic Sourcing POCs

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Questions?