LISTEN TO INDUSTRY DAY

Jeff Koses
Director, Office of Acquisition Operations
General Supplies and Services
January 30, 2013
On December 5, 2012, OMB Directed

1. 24 Largest Agencies to appoint a Strategic Sourcing Accountable Official

2. Establishment of a Strategic Sourcing Leadership Council chaired by Administrator of OFPP and made up on the highest spend agencies. Directed to take action now, and provide long term leadership

3. Identify at least five product/service categories for mandatory FSSI solutions

4. GSA directed to implement at least 5 additional solutions in FY 2013 and 5 more in 2014
GSA’s Response

- Top Priority of GSA Administrator,
- Office of Strategic Sourcing Solutions
- Direct collaboration between FAS, which develops and manages individual solutions and Chief Acquisition Officer who manages the strategic sourcing program.
Within General Supplies and Services

- FY 2013, Janitorial and Sanitation Supplies (JanSan)
- FY 2013 Maintenance, Repair, and Operations Supplies (MRO)
- FY 2013 expansion of Print Management Solution
- Several business areas, services and products, are under review for 2014
What is Jan/San?

The JanSan category includes supplies and equipment (excluding services) such as bleach, trash bags, paper towels, toilet paper, mops, floor buffers, etc. (GSA Schedules 51V, 73, 75)
What is MRO?

MRO includes supplies and equipment (excluding services) such as hardware, power tools, pipes, valves, electrical equipment, lighting, etc. (GSA Schedules 51V, 56, 81B)
Why these 2 commodities?

The federal government spent over $1.6 Billion on these two categories in FY11.

Estimated annual savings of 10% - 20% can be achieved using strategic sourcing techniques.

Looking for new approaches to drive deeper savings and create greater opportunities.
What is the Federal Strategic Sourcing Initiative (FSSI)?

- Framework to aggregate requirements, streamline processes, leverage federal purchasing power, and lower cost of doing business

- More than savings, FSSI focuses on:
  - Total cost of ownership & yields enhanced business intelligence, management efficiencies, and regulatory compliance
  - Categories of spend representing greatest opportunity for savings
  - Development of leading business practices for the federal government
Federal Strategic Sourcing Initiative

Benefits of Strategic Sourcing

Primary Benefits of Strategic Sourcing

- 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

- Change in Consumption/Volume
  - Demand Management
    - Eliminate demand
    - Reduce consumption
    - Encourage substitution
    - Change product mix
  - Specification Review
    - Eliminate “gold-plating”
    - Simplify specifications
    - Alternative products

- Improved Operating Efficiency
  - Reduced Procurement-Related Operating Expense
    - PO Processing
    - Accounts Payable
    - Receipt/Warehousing
    - Standardized procurement process
  - Reduced Non-Procurement Related Operating Expense
    - Other operating efficiencies
  - Performance Monitoring
    - Structured metrics and periodic review of contractor performance

- Improved Focus on Socio-economic Goals
  - Socio-economic Goals
    - Structured analysis of small/disadvantaged business opportunities
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Federal Strategic Sourcing Initiative

Lessons Learned From Earlier Solutions

- Government commitment must be meaningful
- Need to identify and reduce inefficiencies in how Government buys
- Need customer and industry engagement for best in class solutions
- Huge value in commodity team presence to hear industry speak
- Unit prices are not the only opportunity for savings, and may not be the primary one
- Post-award, continuous follow up needed
- Collecting the right data brings huge value
- Obtaining business intelligence is laborious
Federal Strategic Sourcing Initiative

Goals

- Ease of Use
- Socio Economic – Maintain or increase % of dollars going to small business
- Compliance including Ability One, Green, TAA
- Reducing prices by
  - Reducing or removing processes which add industry cost
  - Leveraging purchasing volumes
  - Reducing pricing variability
  - Moving retail spend to managed contracts
  - Standardize part numbers and share information with industry
- Understand our spend data to drive next gen solution
- Solution which fits most, not one size fits all
Talking About Some Key Terms

- Commitment
- Transparent
- Commodity Champion
- Data
- Small Business Opportunity
- Pricing variability
- Part Number Standardization
Rules of Engagement

- To further transparency, we will use Interact as our primary means of communication, including regular blog updates and responses to questions and comments.
- We will designate a window when we will accept one-on-one meetings. The purpose is for industry to give us further comments and suggestions. No capabilities briefings or other marketing calls.
- Intent is to drive a solution which fits most purchases in this category
- We are open to new ways of doing business
- We will meet with any industry association making request, for same purpose
Time Frame

- Window for one-on-one meetings – February 1, 2013
- RFQ Issuance       June 2013
- Award              August 2013
- Implementation    August 2013