

Category Management

Small Agency Council Procurement Committee

June 18, 2014

The Case for Category Management

- Fragmented landscape has led to contract duplication and redundant acquisition programs
- More than 500 different acquisitions departments and agencies throughout government spending \$500 billion annually
- Redundancy is inefficient and drives up operating costs
- To get the benefits of one buyer, we must act as one buyer
- We must consolidate our expertise to provide expert acquisitions guidance
- Category Management provides an overarching framework
- Organized by spend categories, we will guide buyers to the right acquisition solutions to meet their needs

Purchasing Landscape for Government

The Case for Change

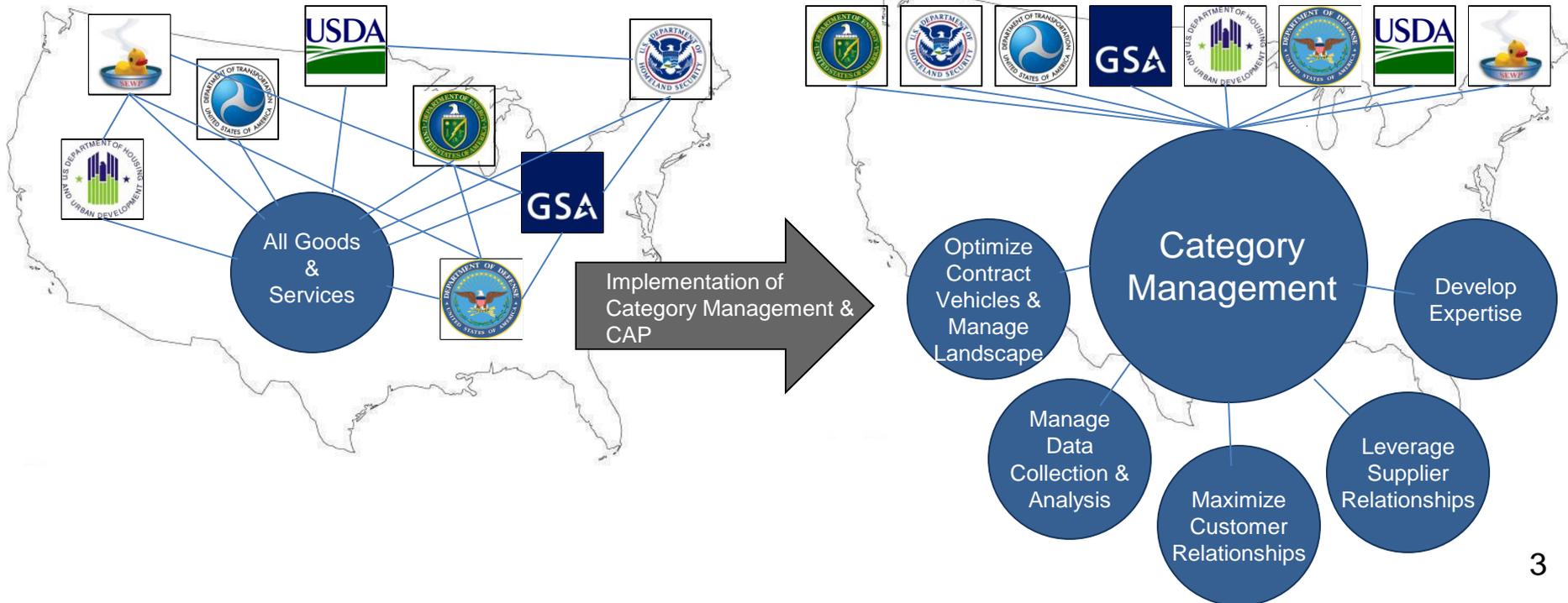
Currently the purchasing landscape is ad hoc. Many agencies make independent purchases that frequently lack strategy or coordination. The landscape is characterized by costly redundancies in vehicles, buys, and efforts.

Current State of Purchasing:

- Lack of coordination across agencies
- Duplicated efforts
- Many agencies; no leveraged buying power

Future State of Purchasing:

- Synchronized procurement across government
- Industry involvement in developing best category strategies
- Core competencies leveraged to match customer needs
- One common management framework



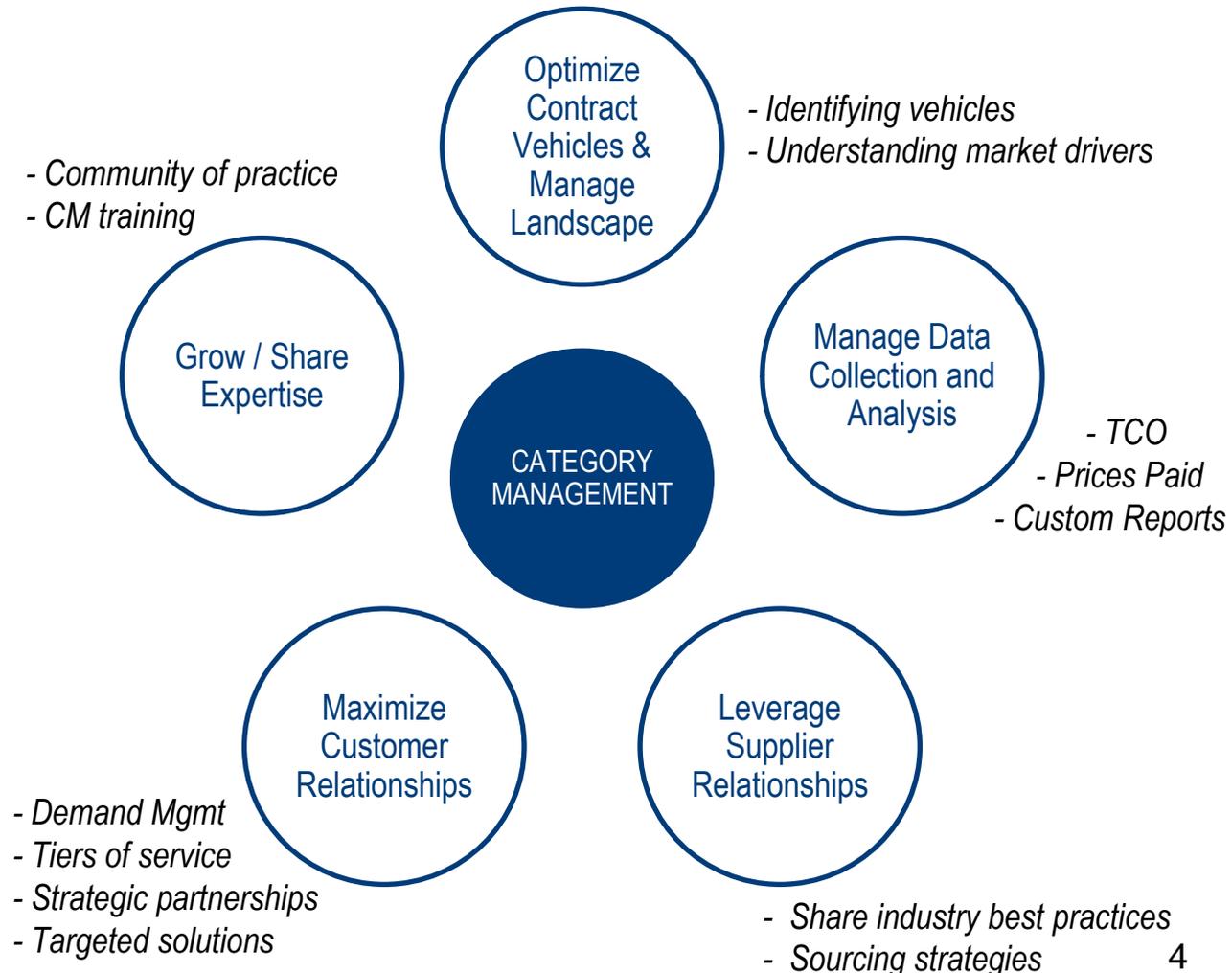
Definition of Category Management

Develops and executes the strategy for product or service categories as business units and optimizes spend under management in conjunction with industry, while exceeding customer expectations.

With the goal of:

Minimizing redundancies in purchasing while reducing total cost of ownership to the Government and taxpayers.

Five Responsibilities of Category Management



Optimize Contract Vehicles/Manage Landscape

- Provides a single, easily accessible, online location for wide range of contract vehicles
- "One-stop shop" provides a comprehensive view of available solutions
- Enables access to acquisitions expertise and knowledge

Manage Data Collection and Analysis

- Developing new systems to collect and share data by category
 - contract terms and conditions
 - prices paid
- Conduct expert analysis of data
- Convert raw data into meaningful, actionable information for customers
- Customers use information to drive buying decisions

Leverage Supplier Relationships

- Partner with industry to learn their category expertise, identify best practices and understand market insights
- Foster open communications with industry to ensure development and adoption of optimal solutions

Maximize Customer Relationships

- Identify, collect and share information that customers want to see by category
- Engage customers at outset of solution development to ensure their needs are reflected in design requirements
- Become trusted advisors to customers
- Use of category expertise to guide customer to best approach for their situation

Grow and Share Expertise

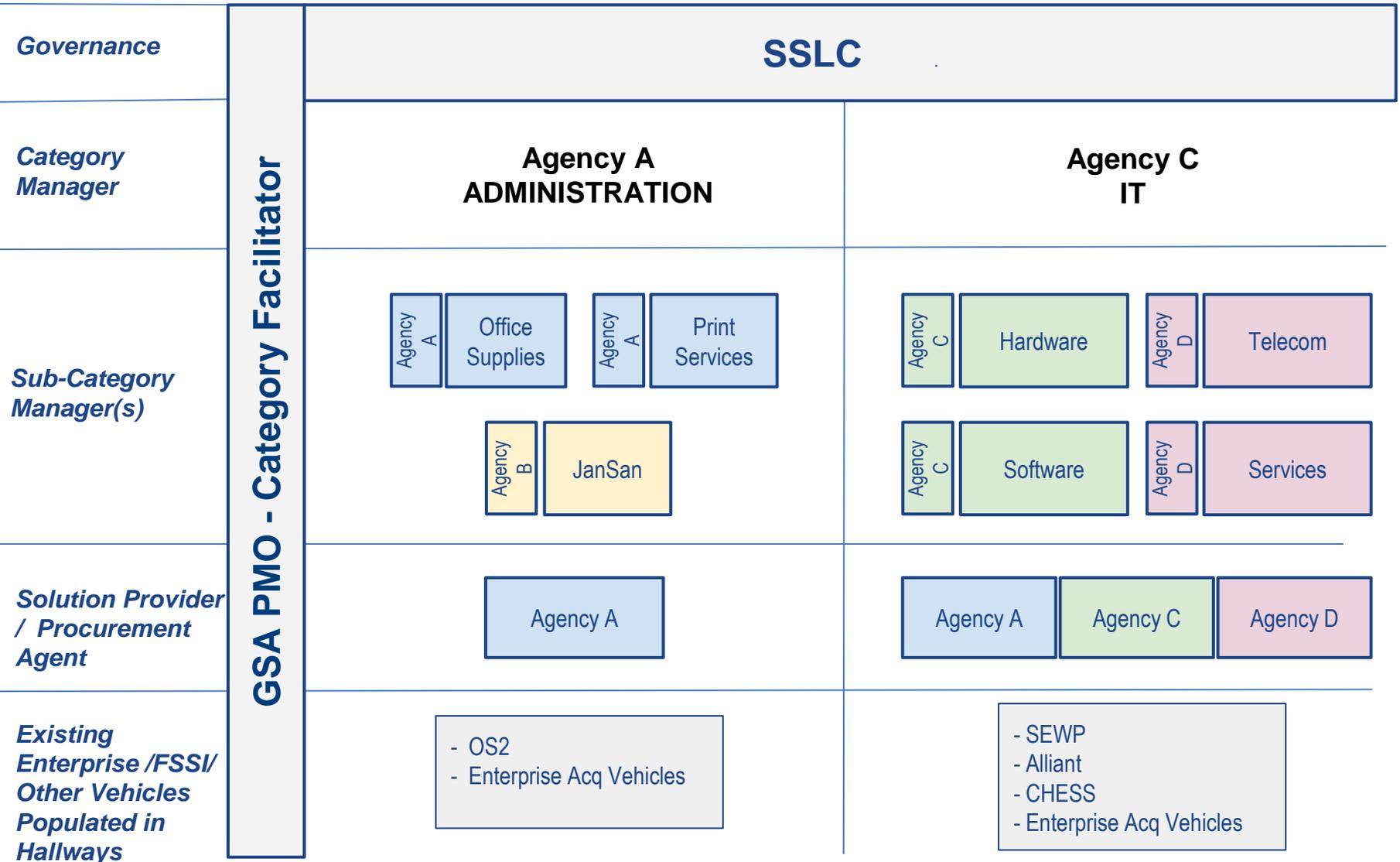
- PMO supports development of category manager expertise through training, development of community of practice and establishment of content libraries
- Category managers share knowledge, expertise and best practices with the community
- Agencies share best practices among themselves

Why Category Management?

Expertise + Data = Smarter Purchasing

- Provides federal buyers with ready access to, and expert analysis of, a full array of purchase and pricing data, qualified suppliers, acquisition vehicles; and procurement resources
- Guides buyers to the best solutions for them, and ultimately those in the best interest of the taxpayers, regardless of who manages that solution
- Offers a holistic view of the landscape so actions can be taken to reduce or eliminate redundancy and increase efficiency
- Leads to smarter decisions, better purchasing options & saved dollars
Category management is how the most successful Fortune 500 companies approach acquisition

Category Management Governance



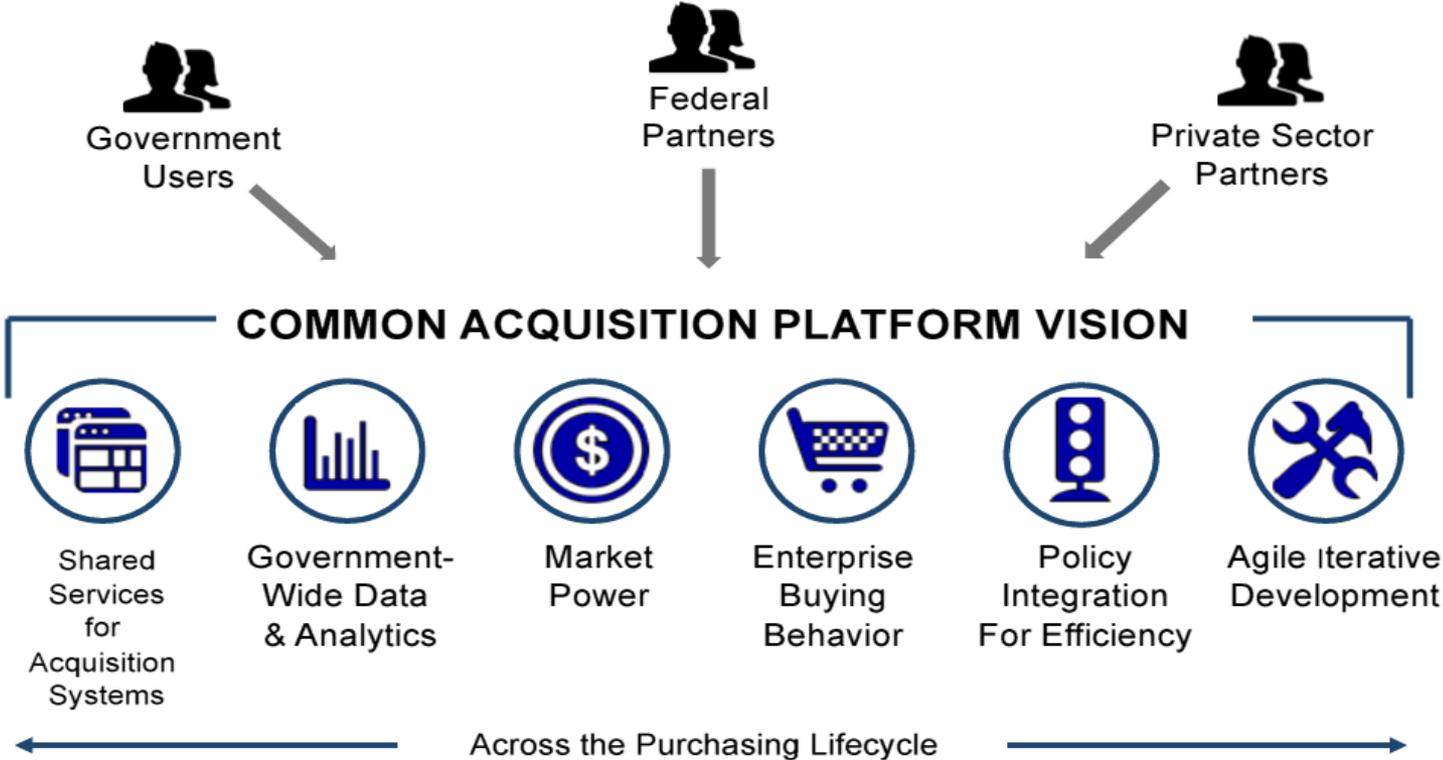
NOTE: Previously, under FSSI, the executive agent served as both the Sub-category Manager and the Procurement Agent. This may change going forward.

Category Management Roles



Common Acquisition Platform

The IT strategy to support the Category Management business strategy. It increases insights into fed-wide transaction data and reduces the cost to maintain redundant acquisition systems.



Category Hallway Concept in the Common Acquisition Platform

Digital Gateway Services

Five services turn category managers' expertise into customer solutions.



Advantage Marketplace

A transaction platform for purchases that improves small business vendor access to government business opportunities.

Convenience
Ease of Access for Individuals



Procurement Optimizer

A comprehensive contract-comparison search engine that enhances competition for government acquisition.

Consolidation
Aggregated negotiation and buying power



Market Intelligence Center

Category-centric market research dashboards that guide purchase decisions based on GSA's in-house expertise.

Connection
Timely exchange of state-of-the-art info to make smart decisions



Clear View

Real-time performance monitoring and assessment tools that help leaders visualize activities and drive toward one enterprise.

Clarity
Big picture visibility



Collaborative Contracting Library

A central repository of exemplary contract work for complex buys compiled by community experts.

Community
Captured Collective Experience

- Static websites with targeted, valuable content
 - Initial profiles based on GSA category definition (sample next page)
 - Existing prices paid data sets
 - Recommendations and advice
 - Contract terms and conditions
- Google Site Hallway Content Repository
- Pilots underway (Office Supplies, IT Hardware, IT Software and Human Capital)
- Appoint Content Manager(s) / Be cognizant of “Voice” in materials

FSSI Office Supplies (OS)

- **Key Features:**

- Increased small business spend from 67% to 76% under OS2
- Discounts increase as the collective purchases grow across the federal government
- Improved ease of use for customers with standardized product descriptions for more efficient comparison shopping
- Leveraging transactional level data to build out the dynamic market pricing model saving the government more through in depth spend analysis
- Building the next generation of Office Supplies (OS3) – an IDIQ with on and off ramps

- **FY14 OS2 Data Snapshot (through 2Q):**

- \$20.1 million savings through FSSI
- \$90.4 million spend through FSSI
- 75.7% small business utilization
- 18.2% AbilityOne utilization
- 34.6% Green items (EPP or CPG)

OS2/OS3 Background

- Since 2010, OS FSSI direct savings have been \$140M and indirect savings have been \$230M for a total of \$370M.
- OS2 SB results- OS2 has increased SB from 67% (dollars) prior to solution to 76% (dollars) through the solution.
- OS2 awarded 15 BPAs to 15 contractors, 13 of whom were small businesses. Of the 13, 11 qualified as a socio-economic subcategory: 5 women-owned, 2 service disabled veteran , 3 small disadvantaged and 1 disadvantaged women owned.
- OS3 structure: Number of SB Vendor Set-Asides on Purchasing Channel - Unlimited Opportunities for qualified small businesses with open season on-ramping on the purchase channel.
- OS3 is expected to provide government savings of \$65 million annually on administrative costs in addition to the more than \$90 million in annual savings captured through lower prices

OS2/OS3 Status

- March 2014: OS3 under protest
- April 2014: GSA informs vendors of intent to extend OS2 BPAs past expiration date of May 31, 2014 in order to bridge OS availability to customers until resolution of OS3 protest
- May 29, 2014: OS2 BPA extension protested
- June 2014: OS FSSI not available to federal customers
- June 2014: GAO dismissed OS3 protests, ruling that GSA, “reasonably considered the potential impact on small businesses”