NDTA 2019 Fall Meeting

Transportation & Logistics Services (T&LS)
Category Management (CM)

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October 8, 2019
Purpose: Category Management Overview and Status of Current Initiatives

Category Management in the Federal Government

- Category Management (CM) Overview
- Key Performance Indicators (KPI)
- Transportation and Logistic Services Category Summary
- Transportation and Logistic Services FY 19 Initiatives
**Category Management (CM) Overview**

- **Business practice** that the Federal Government is applying to **buy smarter** and more like a **single enterprise**

- Office of Management and Budget (OMB)
  - **Office of Federal Procurement Policy Oversight**

- It involves:
  - Ten (10) core categories of products and services
  - Cultivating and maximizing expertise to inform and enhance a customer’s buying experience
  - Developing purchasing strategies so that customers find the best value for the items they need by leveraging market intelligence, Government and industry best practices, prices paid data, and other information

- Benefits to Government’s acquisitions include:
  - Eliminating redundancies
  - Increasing efficiency
  - Delivering more value and savings
Key Performance Indicators (KPI) for Best-In-Class (BIC) Government-Wide CM:

- **Spend Under Management (SUM):** Spend under Tier 1, Tier 2, or Best In Class (BIC) contracts (*Slide 7*)
  - Tier 0: No / Limited Formal CM Strategies
  - Tier 1: Agency-Wide Strategies
  - Tier 2: Cross-Agency Collaboration
  - BIC: Adherence to Government-Wide Strategies

- **Small Business Utilization:** Percent of spend through small business (*defined by Small Business Administration*)

- **Savings:** Varies by BIC solution, but usually  
  \[ \text{Savings} = (\text{List Price} - \text{Price Paid}) \times \text{Quantity} \]

- **Contract Reduction:** The reduction in the Tier 0 contracts and open market contracts in a given quarter compared to the previous quarter
Category Management Goals

President’s Management Agenda (PMA) Goals:

✅ 60% SUM by FY20
✅ Small Business Utilization => 20%
✅ Cost Avoidance => $720M
✅ Reduce Contract Volume =< -25%
Category Management Goals

- Schedule Contracts
- GWACs, MACs
- Best-in-Class
- Mandatory Agency-wide Solutions
- Justified Exceptions

A Pool of Missed Opportunity
Category Management Goals

- CM Tools & Strategies
- Schedule Contracts
- GWACs
- Best-in-Class
- Mandatory Agency-wide Solutions
- Justified Expectations

Common Spend

Demand
Category Management (CM) Overview


- **Category Management:**
  
  Making Smarter Use of Common Contract Solutions and Practices

- **Agencies Shall** –
  1. Annually Establish Plans & Increase use of BIC Solutions
  2. Develop Vendor Management Strategies
  3. Implement Demand Management Strategies
  4. Share Data Across Government
  5. Train and Develop Workforce in Category Management Principles
Acquisition Gateway

https://hallways.cap.gsa.gov/app/
Welcome to the Best in Class Resource Page!

Best-in-class (BIC) is a government-wide designation for acquisition solutions that can be used by multiple agencies and that satisfy key criteria defined by the White House Office of Management and Budget. This page consolidates BIC Program-related articles and solutions posted in the Acquisition Gateway.
Government-Wide Categories - CM

Total 2018 GW Spend: $543.6B

Source: Federal Procurement Data System (FPDS)
https://www.fpds.gov

- **IT**
  - $64.4B

- **Professional Services**
  - $76.8B

- **Security & Protection**
  - $5.9B

- **Facilities & Construction**
  - $92.4B

- **Industrial Products & Services**
  - $12B

- **Transportation & Logistic Services**
  - **Fuels**
    - $9.7B
  - **Logistics Support Services**
    - $8.3B
  - **Transportation of Things**
    - $7.8B
  - **Motor Vehicles**
    - $3.6B
  - **Package Delivery & Packaging**
    - $900M
  - **Transportation Equipment**
    - $604.8M

- **Travel**
  - $1.4B

- **Human Capital**
  - $4.7B

- **Medical**
  - $41.9B

Office Management
- $2.1B

Transportation & Logistic Services
- $30.9B
Transportation & Logistic Services (T&LS) Spend Under Management has exceeded the $21.3B goal by 125%, reaching $26.6B in SUM over FY17-18.

Note: FY19 data was pulled in July. Data representations are approximately 3 months behind from the source date.
• T&LS has exceeded Small Business goals every year.

<table>
<thead>
<tr>
<th>Note: Government databases do not take subcontract work in account for small business utilization rates. This figure would translate to a higher percentage based on actual work accomplished.</th>
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<td>Note: FY19 data was pulled in July. Data representations are approximately 3 months behind from the source date.</td>
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</tbody>
</table>
Transportation & Logistic Services (T&LS) cost savings total $1.95B since FY17. The goal has been exceeded by 172% from FY17 to FY 19.

Note: FY19 data was pulled in July. Data representations are approximately 3 months behind from the source date.
T&LS CM KPI Trends, FY17 - FY19

Contract Duplication

- T&LS have not met contract duplication goals since it’s first year of implementation. Still collecting Best in Class practices to impact this category.
- With recent Office of Management and Budget Memo M-19-13, enforcing Agencies to participate in Category Management, this may accelerate progress.

Note: FY19 data was pulled in July. Data representations are approximately 3 months behind from the source date.
Is the spend *common* to more than one Department and Agency?

Is the spend *significant* enough to warrant analysis?

Is the spend relatively *undifferentiated* across the Government?

Is there a fair amount of *vendor competition*?

Are there *stakeholders* who *want* to drive *change*?

**Initiative Identification and Implementation Stages**

- Data Analysis and Stakeholder Identification
- Stakeholder Discussions
- Community of Practice Formation
- Solution(s) Identification
- Solution(s) Implementation

Process May End at Community of Practice Stage
Next Generation Delivery Service (NGDS): Cost Avoidance = $22.8M
Contract Value = $416.6M
Lower Government Wide Rates
97% Domestic / 96% International On-Time
98% Damage Loss Free

Direct Delivery Fuels: Cost Avoidance = $96.6M
Contract Value = $1.5B
Multi-Spec Fuel
4k World Wide Locations

Fleet Purchasing: Cost Avoidance = $447.3M
Contract Value = $1.4B
21% Avg. Discount From Dealer Invoice

Fleet Leasing: Cost Avoidance = $279.1M
Contract Value = $736.5M
60+ Agencies, 220K Vehicles Leased
40% Savings Over Commercial Services

*Note – FY18 Data
### T&LS CM FY19 Initiatives & Status

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Sub-Category</th>
<th>Description</th>
<th>Stage</th>
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<tbody>
<tr>
<td>Containers Lease &amp; Purchase</td>
<td>Package Delivery &amp; Packaging</td>
<td>Examining possible government wide container purchasing solution(s)</td>
<td>Community of Practice</td>
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<tr>
<td>Freight</td>
<td>Transportation of Things</td>
<td>Identified Government-wide approach to freight management</td>
<td>Implementation</td>
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<td>Airlift</td>
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Thoughts We Want to Leave You With

Best Practices / Not One Size For All