

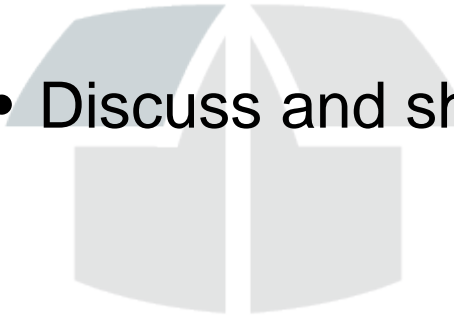


Transportation and Logistics Services Presentation to NDTA

November 1, 2016

Learning Objectives

- Understand the principles of Category Management and the Federal Government's vision for implementing Category Management
- Understand the scope of the Transportation and Logistics Services Category
- Discuss and share strategic plans for Transportation and Logistics Services



Agenda

- Federal Government's Category Management Vision
- Transportation and Logistics Services Category Overview
- Version 1.0 Strategic Plan Initiatives
- Version 2.0 Strategic Plan Initiatives
- Acquisition Gateway
- Discussion

Introduction of Ms. Lesley Field

[insert photo]

Ms. Lesley Field

Acting U.S. Chief Acquisition Officer

Office of Management and Budget



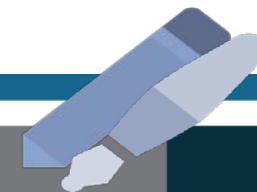
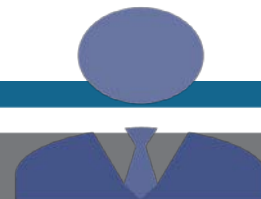
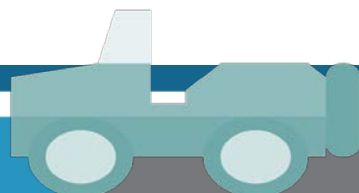
Category Management Overview

Category management is a purchasing approach that the federal government is applying to buy smarter and more like a single enterprise.

It involves:

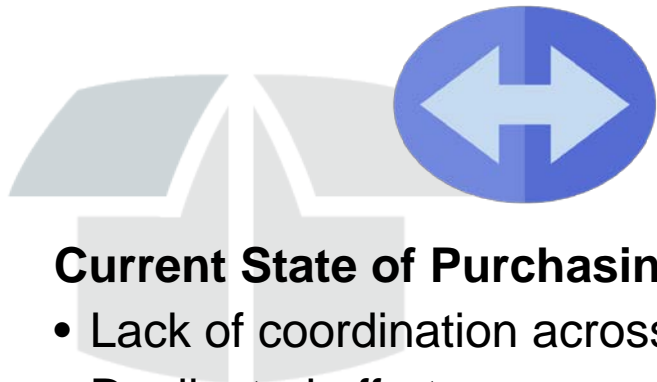
- Identifying core categories of products and services, and managing them accordingly
- Cultivating and maximizing expertise to inform and enhance a customer's buying experience
- Developing purchasing strategies so that customers find the best value for the items they need

Category management enables us to eliminate redundancies, increase efficiency, and deliver more value and savings from the government's acquisition programs.



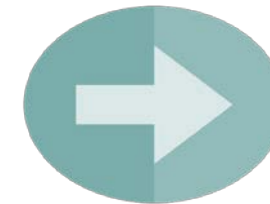
Category Management Overview - *Why Implement Category Management?*

- Right now, the government purchasing landscape is ad hoc.
- Agencies make independent purchases that frequently lack strategy or coordination.
- The landscape is characterized by costly redundancies in contract 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:

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

Category Management Overview - *Category Management Goals*



Increase Cost Savings

- Increase spend under management
- Achieve volume savings
- Achieve administrative savings



Foster Knowledge Sharing

- Share best practices
- Grow and share expertise



Promote Efficiency

- Reduce contract duplication
- Enhance transparency
- Create better contract vehicles
- Manage data collection and analysis
- Enable better decisions



Improve Relationships

- Maximize purchasing agency relationships
- Leverage supplier relationships
- Optimize buying channels
- Manage the solution landscape

Category Management - *Vision*

Category Management is designed to deliver significant benefits to agencies

Enablers

Better data and methods for making business decisions

Coordinated approaches to
managing strategic supplier relationships

Development of a more specialized acquisition workforce

Improved automation and process simplification

Increased sharing of information and best practices

Outcomes

Increased savings from more aligned requirements, supply bases,
and reduced contract duplication

Better utilization of acquisition resources - focused on strategic,
mission-oriented tasks

Improved alignment between acquisition and strategy

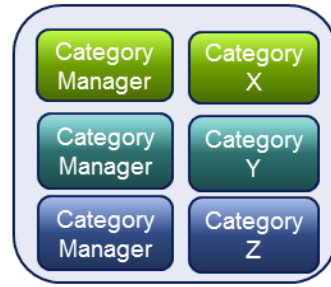
Expanded benefits in mission performance - defined on a
category-by-category basis

Category Management Governance Structure



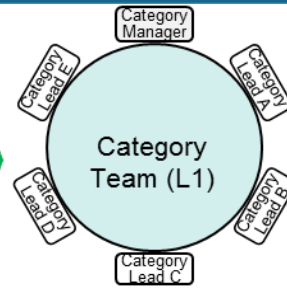
CMLC

The governing board for Category Management initiatives. Provides government-wide direction on CM strategy and initiatives.



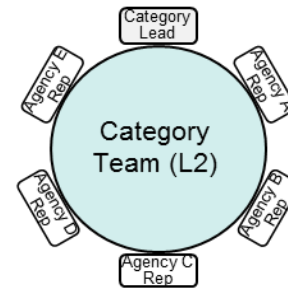
Category Managers

Experts in the category (e.g., IT). They develop the government-wide strategy to drive improved performance and act as change agents for the category.



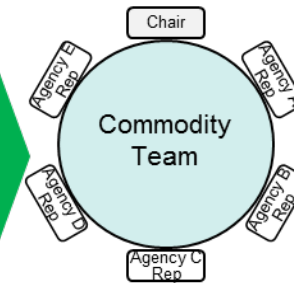
Level 1 Category Team

Responsible for the development and execution of category strategies for a specific Tier 1 category (e.g., IT)



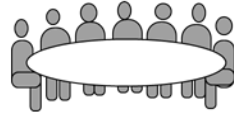
Level 2 Category Team

Responsible for the development and execution of category strategies for a specific Tier 2 category (e.g., IT software within the IT category).



Commodity Teams

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



Category Management PMO

Provides overall program management support to the groups and individuals in the governance structure; facilitates the development and implementation of business rules and processes.



Common Acquisition Platform

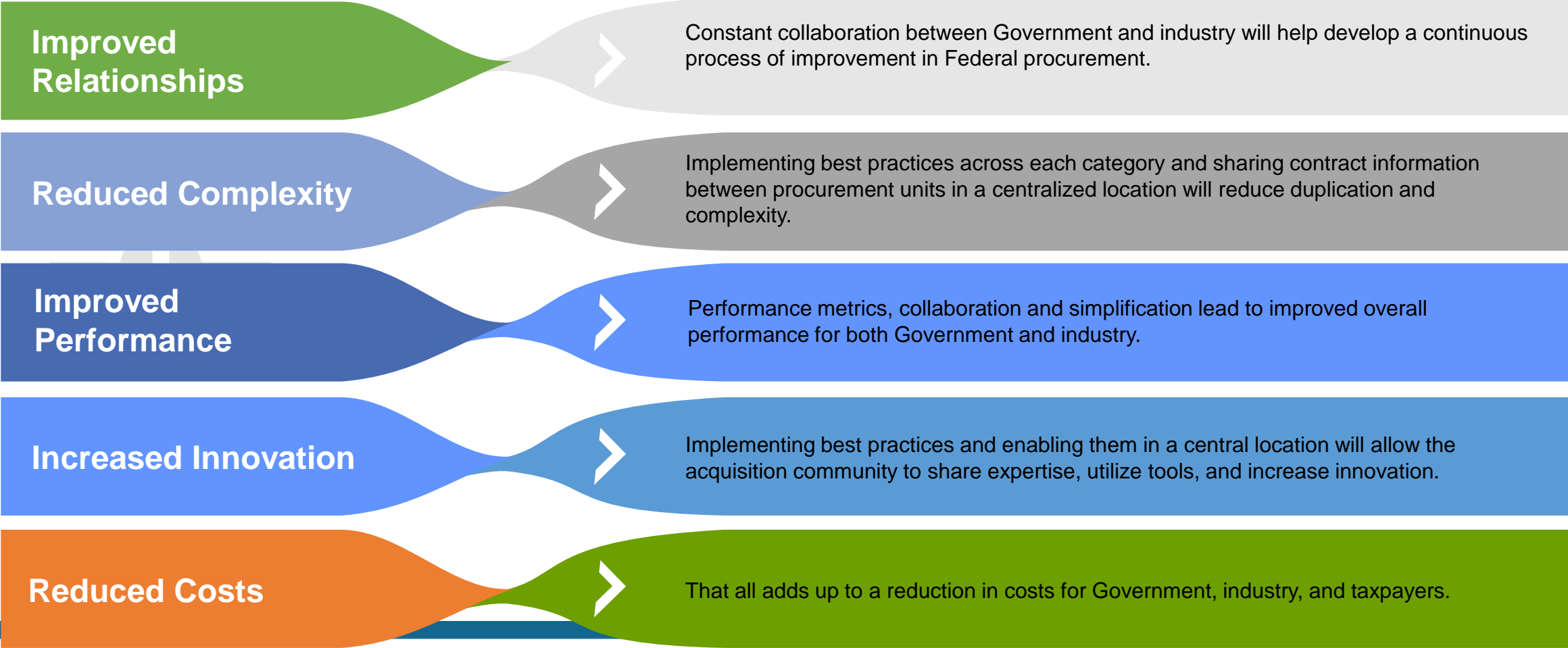
Develops and executes the IT strategy to support category management business strategy via the Acquisition Gateway.

Government-Wide Category Management KPIs

CAP Goal Metric	Initial Baseline	Status FY16 Q3	FY 17 Goal	FY 18 Goal	FY 19 Goal
Increased Savings <i>Note: Baseline includes strategic sourcing savings from FY2010-2015; The methodology is 7.5% savings of spend under management</i>	\$548M	\$2.1B	\$5.2B	\$7.2B	\$9.3B
Percent of common spend (\$272B) that is under government-wide management <i>Note: As of January 2016, 54% of spend sampled (\$171B of \$272B) is under Tier 1 or Tier 2 management. Third data call planned Q1FY17.</i>	0% of \$272B	0%	\$40.8B (15%)	\$68B (25%)	\$95.2B (35%)
Percent reduction in the number of new/renewed contracts <i>Note: Baseline represents universe of stand alone contracts for all common spend (\$272B)</i>	717K contracts	TBD	10%	20%	35%
Meet or exceed government-wide small businesses goals	23%	23%	23%	23%	23%
Increase the number of unique users of the Acquisition Gateway	7,000	8,400	15,000	19,000	24,000

Baselines established in FY15 (except as noted).

What Does This Mean for Industry Partners?



10 Government-wide Categories with Total FY15 Spend of \$272B

Mary Davie (GSA)

1. IT – \$50.7B

- 1.1 IT Software
- 1.2 IT Hardware
- 1.3 IT Consulting
- 1.4 IT Security
- 1.5 IT Outsourcing
- 1.6 Telecommunications

Tiffany Hixson (GSA)

2. Professional Services - \$63.4B

- 2.1 Business Administration Services
- 2.2 Legal Services
- 2.3 Management Advisory Svcs (excl. R&D)
- 2.4 Marketing and Distribution
- 2.5 Public Relations and Professional Communications Services
- 2.6 Real Estate Services
- 2.7 Trade Policy and Services
- 2.8 Technical & Engineering Svcs (non-IT)
- 2.9 Financial Services
- 2.10 Social Services

Jaclyn Smyth (DHS)

3. Security and Protection - \$5.3B

- 3.1 Security Animals & Related Services
- 3.2 Security Systems
- 3.3 Security Services

Mary Ruwwe (GSA)

4. Facilities & Construction - \$72.5B

- 4.1 Construction Related Materials
- 4.2 Construction Related Services
- 4.3 Facility Related Materials
- 4.4 Facility Related Services
- 4.5 Facilities Purchase & Lease

George Prochaska (GSA)

5. Industrial Products & Services - \$11B

- 5.1 Machinery & Components
- 5.2 Fire/Rescue/Safety/Environmental Protection Equipment
- 5.3 Hardware & Tools
- 5.4 Test & Measurement Supplies
- 5.5 Industrial Products Install/Maintenance/Repair/Rebuild
- 5.6 Basic Materials
- 5.7 Oils, Lubricants, and Waxes

Greg Hammond (GSA)

6. Office Management - \$1.7B

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

Lisa Roberts (DoD)

7. Transportation and Logistics Services - \$25.6B

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

Timothy Burke (GSA)

8. Travel & Lodging \$2.2B

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

Rich Vinnacombe (OPM)

9. Human Capital – \$4.7B

- 9.1 Specialized Educational Services
- 9.2 Vocational Training
- 9.3 Human Resources Services

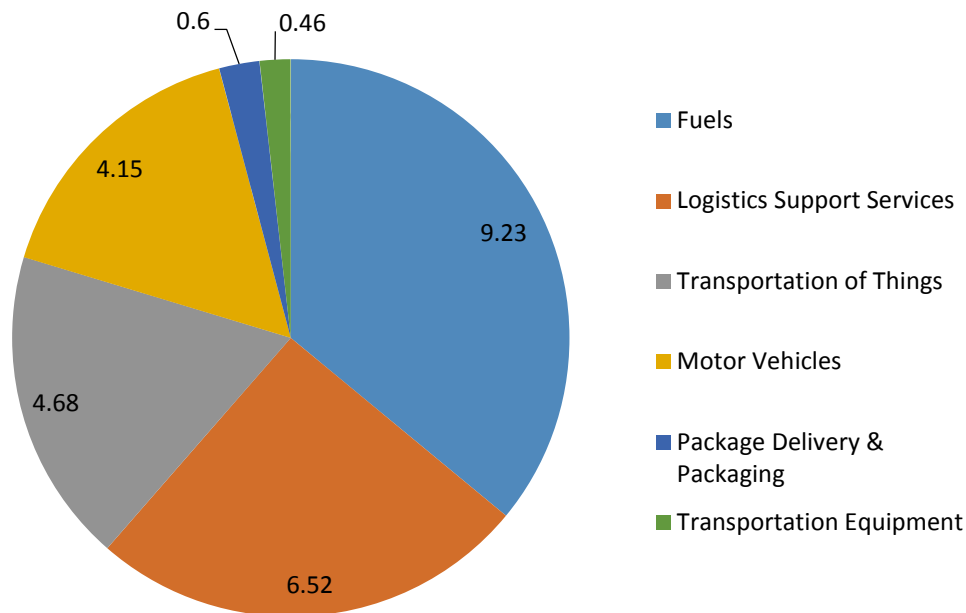
Dr. Karen Guice (DoD) + Dr. David Schulkin (VA)

10. Medical – \$35.2B

- 10.1 Drugs and Pharmaceutical Products
- 10.2 Medical Equipment & Accessories & Supplies
- 10.3 Healthcare Services

Transportation & Logistics Services Overview

Transportation & Logistics FY15 Spend (\$B) Total Category FY15 Spend: \$25.64B



Observations

- The 4 highest spend sub-categories represent 96% of the total category spend in FY15:
 - These sub-categories are not currently driving KPIs, except for Fuels included in the FY16 SUM Goal
- Strategic Plan and initiatives should focus on these top 4 sub-categories

**Source: Federal Procurement Data System, FY15 baseline*

Transportation & Logistics Category Trends

- Fuels (liquid propellants and fuel oils) dominate this category with a FY15 spend in excess of \$9B
- Across the Category, the top spenders are DoD and GSA
- Government-wide spend on Transportation and Logistics Services decreased by nearly \$12.9B between FY10 and FY14, and number of transactions decreased by over 3,000
- Federal spending on Transportation and Logistics Services is forecasted to remain static (approximately \$26B) for the next 3-5 year period
- Small Business utilization within this category for FY15 was 17%, which has increased since FY10 (10%)

Strategic Plan Version 1.0 Initiatives

Small Package Delivery Services Solution



DLA Fuels Solution

- Combine current DoD and GSA contracts into one Government-wide small package delivery services contract to meet the entire Government's small package shipping requirements
- Explore existing DLA Fuels solution as an opportunity to apply Category Management principles and pursue Best in Class designation

Small Package Delivery Services

Category Overview

- FY 2015 spend: Approximately \$25B
- Diverse spend organized into six sub-categories:
 - **Package Delivery & Packaging – 2.4% (\$590M)**
 - Logistics Support Services – 26.4% (\$6.6B)
 - Transportation of Things – 18.8% (\$4.7B)
 - Motor Vehicles (non-combat) – 17.6% (\$4.4B)
 - Transportation Equipment – 1.8% (\$462M)
 - Fuels – 35.6% (\$8.9B)

Recommended Strategies

1. Consolidate existing DoD and GSA domestic and international small package contracts into a single, government-wide solution under the purview of DoD (U.S. Transportation Command)
2. Establish a Program Management Office (PMO) with dedicated Services Acquisition Manager – explore joint Interagency PMO (consider funding and staffing)

Strategies meet **all** the Category Management value levers:

- ✓ Strategic Sourcing
- ✓ Demand Management
- ✓ Supplier/Vendor Management
- ✓ Total Cost Management

Focus Area & Opportunities

Year 1 Focus Areas:

- Small package delivery service solutions (\$358M spend) within the Package Delivery & Packaging subcategory

Opportunities:

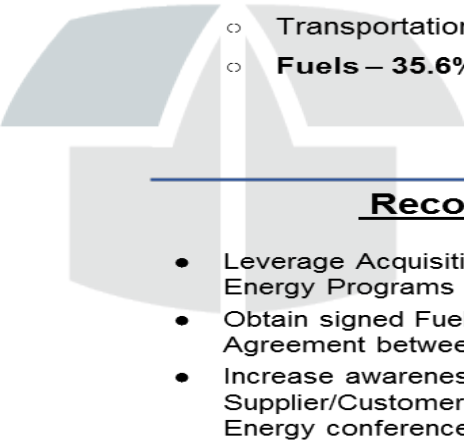
- Leverage work previously done under FSSI
- Implement a single, government-wide, small package solution that combines existing DoD and GSA contract requirements to positively impact costs, vendor performance, and demand management
 - DoD and GSA contracts expire Sep, 2017; anticipate no lapse in service
- Increase SUM through mandatory use of government-wide solution; work with dominant vendors; assess total cost of ownership

Metric	Target/Approach
Reduce Contract Duplication	• Consolidate to one government-wide mandatory use solution (May, 2017)
Increase Spend Under Management	• 90% (\$322M) of small package delivery spend under government-wide management (Oct, 2017)
Increase Acquisition Gateway Usage	• Increase number of purposeful visits by 50% to 1,275 (baseline is 850) (Dec, 2016)
Achieve Savings	• 10% (\$32M) of SUM (contract base year) • At least 95% lower rates compared to published commercial rates / index (May, 2017)
Key Measures* of Contractor Performance	• 95% or better on-time performance *others as developed by interagency team
Small Business Goal	Achieve at least 23% small business sub-contracting goal (Oct, 2017)

DLA Fuels Program

Category Overview

- FY 2015 spend: Approximately \$25B
- Diverse spend organized into six sub-categories:
 - Package Delivery & Packaging – 2.4% (\$590M)
 - Logistics Support Services – 26.4% (\$6.6B)
 - Transportation of Things – 18.8% (\$4.7B)
 - Motor Vehicles (non-combat) – 17.6% (\$4.4B)
 - Transportation Equipment – 1.8% (\$462M)
 - **Fuels – 35.6% (\$8.9B) (DDF: \$213M)**



Recommended Strategies

- Leverage Acquisition Gateway to increase awareness of DLA Energy Programs
- Obtain signed Fuel Purchase Agreements/Memorandums of Agreement between DLA Energy and Federal Agencies
- Increase awareness of “Category Management” via Supplier/Customer workshop at 2017 DLA Energy Worldwide Energy conference

Strategies meet **all** the Category Management value levers:

- ✓ Strategic Sourcing
- ✓ Demand Management
- ✓ Supplier/Vendor Management
- ✓ Total Cost Management

Focus Area & Opportunities

- Fuels:**
- 41 CFR 11-26.602-3 – Procurement of Gasoline, Fuel Oil (Diesel and Burner) Kerosene and Solvents
 - Directs annual fuel requirements greater than 10,000 gallons to DLA Energy for Procurement
 - DLA Energy currently procures in excess of 94% of the fuel purchased by the Department of Defense and Federal Civilian Agencies.
 - Cost recovery rate for FY17 will be \$0.04 per gallon delivered (around 1.7 percent of the purchase cost)

- | | |
|---|--|
| <p>Top 5 Suppliers:</p> <ul style="list-style-type: none"> • Brad Hall & Associates (S) • PAPCO (S) • Petroleum Traders (S) • Antech (S) • Pinnacle Petroleum (S) (S) – small business | <p>Top 5 FEDCIV Customers:</p> <ul style="list-style-type: none"> • Homeland Security • GSA • NASA • Justice • State |
|---|--|

Metric	Target/Approach
Reduce Contract Duplication	• Complete...DLA Energy is required source.
Increase Spend Under Management	• Over 94% of Federal spend on fuel is under DLA Energy contracts.
Increase Acquisition Gateway Usage	• DLA Energy customer support briefing, sample fuel purchase agreement and customer support POC info will be posted on the Acquisition Gateway.
Achieve Savings	• Average \$2.5 million negotiated savings per Customer Organized Group
Small Business Goal	<ul style="list-style-type: none"> • DLA – Achieve at least 32% small business contract awards • DLA Energy - Achieve at least 21.29% small business contract awards. • (Small Business goals set annually by DoD.)
Managing performance	<ul style="list-style-type: none"> • 95% or greater timely delivery (Schedule) • 95% or greater on-specification delivery (Quality)

Strategic Plan Version 2.0 Initiatives (DRAFT)

V2.0 Initiative	Key Actions	KPIs Impacted
<p>Designate DLA Fuels Program as Best-in-Class Solution</p>	<ul style="list-style-type: none"> • Initiate BIC assessment • Develop savings methodology • Post relevant information to Acquisition Gateway • Review Tier 3 SUM • Achieve BIC designation • Send formal communication to all impacted agencies and encourage BIC usage 	<ul style="list-style-type: none"> • Savings • SUM • Small Business • Gateway Usage
<p>Increase GSA Motor Vehicle Fleet Utilization</p>	<ul style="list-style-type: none"> • Analyze Federal fleet data to identify agency opportunities, then engage agencies • Develop a Total Cost of Ownership model for vehicle expenses and share with agencies • Conduct outreach opportunities to agencies for potential opportunities for leasing and maintenance • Create an on-line comparison tool for buy versus lease decisions 	<ul style="list-style-type: none"> • Savings • SUM • Small Business • Contract Reduction • Gateway Usage
<p>Bring GSA Vehicle Fleet Program SUM</p>	<ul style="list-style-type: none"> • Initiate formal Category Management BIC assessment • Validate savings methodology 	<ul style="list-style-type: none"> • Savings • SUM

Strategic Plan Version 2.0 Initiatives (DRAFT)

V2.0 Initiative	Key Actions	KPIs Impacted
<p>Implement Next Generation Delivery Service (NGDS) Strategy</p>	<ul style="list-style-type: none"> • Establish a joint Program Management Office with a dedicated Services Acquisition Manager • Design and implement processes to support NGDS governance, schedule, financial, and performance tracking • Complete final evaluation of proposals • Complete formal BIC assessment and approval • Review criteria for reaching Tier 3 SUM • Implement OMB mandatory use policy • Create targeted campaigns to move any remaining small package delivery spend to NGDS 	<ul style="list-style-type: none"> • Savings • SUM • Small Business • Contract Reduction • Gateway Usage
<p>Assess Government-Wide Freight Spend and Identify Opportunities to Improve Spend and Demand Management</p>	<ul style="list-style-type: none"> • DoD and GSA coordinate freight programs to access and consolidate tender spend data • Conduct analysis to determine savings and contract reduction opportunities • Explore use of procurement vehicles such as spot rates, tenders, contracts, and 3PL • Establish approach to centralizing freight demand management 	<ul style="list-style-type: none"> • Savings • SUM • Small Business • Contract Reduction • Gateway Usage

Acquisition Gateway Will Enable Category Management

ACQUISITION GATEWAY

Our vision is to be the acquisition professional's desktop, providing the resources, tools, and community needed to create successful acquisitions.

HALLWAYS

Select an Acquisition Category to browse resources and articles

- Facilities & Construction
- Human Capital
- Industrial Products & Services
- Information Technology
- Medical
- Office Management
- Professional Services
- Security & Protection
- Transportation & Logistics Services
- Travel & Lodging

PROJECT CENTER

Create an integrated project to manage your acquisition research, documents, and timelines

0 Projects | 1 Tasks | 0 Events

+ Add Project

Project Center allows users to pull in resources from Gateway apps to build their acquisition. Feel free to create a sample project to learn about its features.

Create Sample Project

SOLUTIONS FINDER

Find acquisition vehicles, contracts, and shared services from across the Federal Government

My Agency:

RESOURCES

- Statement of Work Library
- eBuy Open

COMMUNITY

Browse & participate in acquisition discussions

- Authority to protest FAR 16.505 orders north of \$10M has expired
Professional Services | October 17, 2018
- TDR Overview and Information Sheet
Acquisition Gateway | October 17, 2018
- BMO Services Overview and Delegation of Procurement Authority Training
Sustainable Acquisition | October 18,

NEW INFO

- Global Precision Systems
- General Mechanical Services
- Four Seasons Environmental

Acquisition Gateway Overview

HALLWAYS

Transportation & Logistics Services

Sub Hallways

- Logistics Support Services
- Motor Vehicles
- Package Delivery & Packaging
- Transportation of Things

ARTICLE INDEX [View All](#)

TRANSPORTATION & LOGISTICS SERVICES CATEGORY MANAGEMENT INFORMATION

Cost Calculator for Relocating Employees: Should I take the Relocation Services Company's offer?

RESOURCES

MEET THE CATEGORY TEAM



lisa.a.roberts40.civ@mail.mil

Department of Defense--Military Programs

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Welcome: Our aim is to improve performance, increase innovation, and reduce complexity and costs across the Federal enterprise.

SOLUTIONS FINDER

Find acquisition vehicles, contracts, and shared services from across the Federal Government

My Agency

GSA

Category

Transportation & Logisti...

Subcategory

- Select -

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21 Solutions available

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COMMUNITY

Browse & participate in acquisition discussions

- [Community of Practice 1st Qtr 2017 Small Package Delivery](#) September 20, 2016
- [How to lease to buy a heavy rescue emergency vehicle](#) Motor Vehicles July 28, 2016
- [TSP Quarterly Meeting](#) Freight July 18, 2016
- [4th Qtr Community of Practice Meetings](#)

[NEW INFO](#)

[TRAINING & EVENTS](#)

[DDS3 - UPS Agency Account Managers](#)

UPS Agency Account Managers

[Drive Safely Work Week 2016: Slow Down, Speed Matters](#)

October 3rd is the first day of Drive Safely Work Week ...

[Drive Safely Work Week 2016: Distracted Driving... Dial into the task at hand](#)

October 3rd is the first day of Drive Safely Work Week ...

[Drive Safely Work Week 2016: Anyone Could be at Risk for Drowsy Driving](#)

FEATURED ARTICLES

[TRANSPORTATION & LOGISTICS SERVICES CATEGORY MANAG ...](#)

[COST CALCULATOR](#)

[VIDEO: THE HIDDEN](#)

[SERVICE FEE ESTIMATOR FOR HOMESALE ASSISTANCE](#)



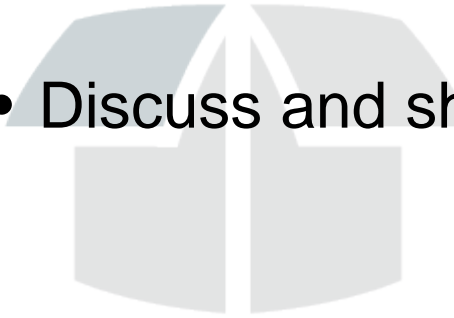
[RELOCATION PROGRAM](#)

Next Steps

- Present V2.0 Strategic Plan to the CMLC for approval
- Develop plan for implementation of initiatives
- Develop more mature data analytics
- Analyze and endorse Best-In-Class contracts
- Continue ongoing engagement with Federal Agencies, other Category Managers, and industry suppliers

Learning Objectives

- Understand the principles of Category Management and the Federal Government's vision for implementing Category Management
- Understand the scope of the Transportation and Logistics Services Category
- Discuss and share strategic plans for Transportation and Logistics Services



Discussion

