



Category Management

Transportation and Logistics Services



Category Management

What is CM:

- An OMB-sponsored initiative that enables the Federal Government to buy *smarter and more like a single enterprise*. It involves managing *large categories* of spend comprised of commonly purchased products and services

Key Principles:

- Optimize existing contract vehicles
- Improve data collection and analysis to drive improvements in category spend
- Leverage industry / commercial intelligence and key partner relationships
- Maximize customer insights to bring more spend under management
- Grow and share expertise across the Federal enterprise

Why CM is important:

- Better spend for taxpayer dollars by:
 - eliminating redundancies, such as the number of contracts
 - increasing efficiency by managing spend throughout the Federal enterprise
 - delivering more value and savings from the government's acquisition programs
 - sharing data and best practices so that all agencies can leverage and benefit



Comparing Category Management & Strategic Sourcing



From the Kickoff: Category Management and Strategic Sourcing



	Strategic Sourcing	Category Management
Goal	<ul style="list-style-type: none"> Reduce purchased costs for a given commodity, most often by selecting lower-cost suppliers through demand aggregation, competitive bidding and negotiation. 	<ul style="list-style-type: none"> Maximize realized category value to the organization, including total cost of ownership (TCO, risk, operational performance, innovation, etc).
Frequency	<ul style="list-style-type: none"> Periodic and project-based. Triggered over one or more years in the course of managing a commodity. 	<ul style="list-style-type: none"> Ongoing, day-to-day process. Triggers project-based activities and other operation improvements as needed.
Approach	<ul style="list-style-type: none"> Conducted via an n-step sourcing methodology culminating in transition to a new supplier contract. 	<ul style="list-style-type: none"> Develops a category strategy and applies appropriate value levers and supporting techniques/tools as needed to meet value objectives (e.g., strategic sourcing, supplier management, total cost management, demand management).
Results	<ul style="list-style-type: none"> Reduced contract pricing translating to actual realized savings hitting the bottom line. 	<ul style="list-style-type: none"> Category value is targeted, including validated savings and broader value measurement.



Category Management Governance Structure



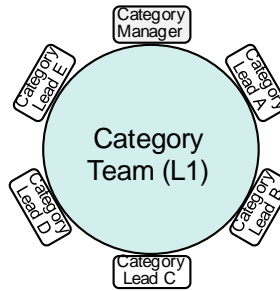
CMLC

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



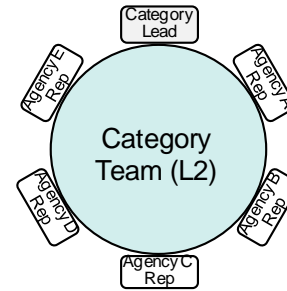
Category Managers

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.



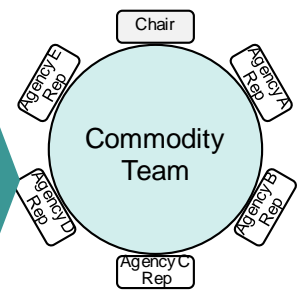
Level 1 Category Team

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 GSA 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 (CAP)

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



A Key Attribute of Category Management is “Spend Under Management”

SUM is about whether an organization is using prescribed buying channels. The SUM goal is 80% of spend adheres to defined category strategies

SUM CHARACTERISTICS

Leadership

Do individuals & organizations have clear CM responsibilities?

Strategy

Are CM practices in place?

Data

Is analysis conducted and shared?

Tools

Are tools in place to share info and reduce duplication?

Metrics

Are metrics defined, tracked, and publicized?

TIER DEFINITION

Tier	Defining Metrics / Attributes	
Tier 0	No / limited formal Category Management strategies	
Tier 1	Agency-wide Strategies	<ul style="list-style-type: none"> • Agency-level category leaders • Category analyses complete • Agency-level metrics
Tier 2	Cross-Agency Collaboration	<ul style="list-style-type: none"> • Sharing data across agencies • Emerging use of Government-wide solutions • Cross-agency metrics
Tier 3	Adherence to Government-wide Strategies	<ul style="list-style-type: none"> • Government-wide category managers • Consistent use of Government-wide strategies, solutions and tools



Government-Wide Category Structure

Common Government Spend Categories 1-10 (total FY 2014 spend \$275B)

1. IT – \$49.9B (Kim Luke, OMB) 1.1 IT Software 1.2 IT Hardware 1.3 IT Consulting 1.4 IT Security 1.5 IT Outsourcing 1.6 Telecommunications	2. Professional Services – \$61.9B (Tiffany T. Hixson, GSA) 2.1 Business Administration Services 2.2 Legal Services 2.3 Management Advisory Services (Excludes R&D 17.0) 2.4 Marketing and Distribution Public Relations and Professional Communications Services 2.5 Services 2.6 Real Estate Services 2.7 Trade Policy and Services 2.8 Technical and Engineering Services (non-IT) (Excludes 1.0) 2.9 Financial Services 2.10 Social Services	3. Security and Protection – \$5.5B (JACLYN SMYTH, DHS) 3.1 Security Animals & Related Services 3.2 Security Systems 3.3 Security Services	4. Facilities & Construction - \$75.7B (Mary Ruwwe, GSA) 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	5. Industrial Products and Services - \$10.5B (George Prochaska, GSA) 5.1 Machinery & Components Fire/Rescue/Safety/Environmental Protection 5.2 Equipment 5.3 Hardware & Tools 5.4 Test & Measurement Supplies Industrial Products 5.5 Install/Maintenance/Repair/Rebuild 5.6 Basic Materials 5.7 Oils, Lubricants, and Waxes
6. Office Management - \$1.9B (Greg Hammond, GSA) 6.1 Office Management Products 6.2 Office Management Services 6.3 Furniture	7. Transportation and Logistics Services – \$26.8B (Lisa Roberts, DoD) 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	8. Travel and Lodging - \$2.7B (Tim Burke, GSA) 8.1 Passenger Travel 8.2 Lodging 8.3 Travel Agent & Misc. Services	9. Human Capital - \$4.1B (ROB BRIEDE, OPM) 9.1 Alternative Educational Systems 9.2 Educational Facilities 9.3 Educational Institutions 9.4 Specialized Educational Services 9.5 Vocational Training	10. Medical - \$36.0B (JOHNATHAN WOODSON, DoD and DAVID SHULKIN, M.D., VA) 10.1 Drugs and Pharmaceutical Products 10.2 Medical Equipment & Accessories & Supplies 10.3 Healthcare Services

Defense-Centric Categories 11-19 (total FY 2014 spend \$153B)

11. Aircraft, Ships/Submarines & Land Combat Vehicles - \$41.6B 11.1 Aircraft 11.2 Land Combat Vehicles 11.3 Ships & Submarines 11.4 Space	12. 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	13. Electronic & Communication Equipment - \$8.7B 13.1 Communication Equipment Detection & Coherent Radiation 13.2 Equipment 13.3 Electrical and Electronics Equipment 13.4 Night Vision Equipment	14. Sustainment S&E - \$22.7B 14.1 Drones 14.2 Engines, Components & Spt Ec 14.3 Materials 14.4 Supply Parts 14.5 Support Ships & Small Craft 14.6 Training Aids and Devices	15. Clothing, Textiles & Subsistence S&E - \$7.5B 15.1 Subsistence 15.2 Textiles, Clothing & Equipage
16. Miscellaneous S&E - \$839M 16.1 Non-Food Items for Resale 16.2 S&E Not Classified Elsewhere	17. Research and Development - \$40.0B 17.1 Systems Development 17.2 Operational Systems Development 17.3 Technology Base 17.4 Commercialization 17.5 Pre-FY 1998 2-Digit Category	18. 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	19. Electronic Communication Services - \$418M 19.1 Equipment Maintenance 19.2 Equipment Leases	Notes: ✓ Total spend FY 2014 \$428B ✓ Spend based on FPDS data



Category Management Product Support Codes

TRANSPORTATION AND LOGISTICS SERVICES	FUELS	LOGISTICS SUPPORT SERVICES	MOTOR VEHICLES	PACKAGED DELIVERY & PACKAGING	TRANSPORTATION EQUIPMENT	TRANSPORTATION OF THINGS
	9110 (FUELS, SOLID)					
	9130 (LIQUID PROPELLANTS AND FUELS, PETROLEUM BASE)					
	9135 (LIQUID PROPELLANT FUELS AND OXIDIZERS, CHEMICAL BASE)					
	9140 (FUEL OILS)					
	M154 (OPERATION OF AMMUNITION STORAGE BUILDINGS)					
	M16D (OPERATION OF OPEN STORAGE FACILITIES)					
	M16Z (OPERATION OF OTHER WAREHOUSE BUILDINGS)					
	R706 (SUPPORT - MANAGEMENT: LOGISTICS SUPPORT)					
	S215 (HOUSEKEEPING - WAREHOUSING/STORAGE)					
	V001 (TRANSPORTATION/RAVEL/ELOCATION - MOTOR POOL AND PACKING/CRATING - BGLTR PROC)					
	V002 (TRANSPORTATION/RAVEL/ELOCATION - MOTOR POOL AND PACKING/CRATING - MOTOR POOL OPERATIONS)					
	V003 (TRANSPORTATION/RAVEL/ELOCATION - MOTOR POOL AND PACKING/CRATING - PACKING/CRATING)					
	V119 (TRANSPORTATION/RAVEL/ELOCATION - TRANSPORTATION: OTHER)					
	V301 (TRANSPORTATION/RAVEL/ELOCATION - RELOCATION: RELOCATION)					
	V302 (TRANSPORTATION/RAVEL/ELOCATION - RELOCATION: TRAVEL AGENT)					
	2305 (GROUND EFFECT VEHICLES)					
	2310 (PASSENGER MOTOR VEHICLES)					
	2320 (TRUCKS AND TRUCK TRACTORS, WHEELED)					
	H123 (QUALITY CONTROL - GROUND EFFECT VEHICLES, MOTOR VEHICLES, TRAILERS, AND CYCLES)					
	H323 (INSPECTION - GROUND EFFECT VEHICLES, MOTOR VEHICLES, TRAILERS, AND CYCLES)					
	H923 (OTHER OCCURRENCE/INSPECT - GROUND EFFECT VEHICLES, MOTOR VEHICLES, TRAILERS, AND CYCLES)					
	J023 (MAINTENANCE/REBUILD OF EQUIPMENT - GROUND EFFECT VEHICLES, MOTOR VEHICLES, TRAILERS, AND CYCLES)					
	K023 (MODIFICATION OF EQUIPMENT - GROUND EFFECT VEHICLES, MOTOR VEHICLES, TRAILERS, AND CYCLES)					
	L023 (TECHNICAL REPRESENTATIVE - GROUND EFFECT VEHICLES, MOTOR VEHICLES, TRAILERS, AND CYCLES)					
	N023 (INSTALLATION OF EQUIPMENT - GROUND EFFECT VEHICLES, MOTOR VEHICLES, TRAILERS, AND CYCLES)					
	W023 (LEASE/RENTAL OF EQUIPMENT - GROUND EFFECT VEHICLES, MOTOR VEHICLES, TRAILERS, AND CYCLES)					
	8105 (BAGS AND SACKS)					
	8110 (DRUMS AND CANS)					
	8115 (BOXES, CARTONS, AND CRATES)					
	8120 (COMMERCIAL AND INDUSTRIAL GAS CYLINDERS)					
	8125 (BOTTLES AND JARS)					
	8130 (REELS AND SPOOLS)					
	8135 (PACKAGING AND PACKING BULK MATERIALS)					
	8145 (SPECIALIZED SHIPPING AND STORAGE CONTAINERS)					
	8150 (FREIGHT CONTAINERS)					
	R602 (SUPPORT - ADMINISTRATIVE: COURIER/MESS)					
	R604 (SUPPORT - ADMINISTRATIVE: MAIL/DISTRIBUTION)					
	R613 (SUPPORT - ADMINISTRATIVE: POST OFFICE)					
	W081 (LEASE/RENTAL OF EQUIPMENT - CONTAINERS, MAIL BAGS, AND PACKAGING DEVICES)					
	2210 (LOCOMOTIVE EQUIPMENT - MECHANICAL POWER TRANSMISSION EQUIPMENT)					
	2220 (RAIL CARS)					
	2230 (RIGHT-OF-WAY CONSTRUCTION - MAINTENANCE EQUIPMENT, RAILROADS)					
	2240 (LOCOMOTIVE AND RAIL CAR ACCESSORIES AND COMPONENTS)					
	2250 (TRACK MATERIAL, RAILROAD ACCESSORIES AND COMPONENTS)					
	2330 (TRACTORS)					
	2340 (TRACTOR MOTOR SCISSORS)					
	2350 (TRACTOR WHEEL TRACKED, LOW SPEED)					
	2360 (TRACTORS, WHEELED, TRACKED, HIGH SPEED)					
	3900 (FREIGHT HANDLING EQUIPMENT - NON SELF-PROPELLED)					
	3910 (MINERAL HANDLING EQUIPMENT - NON SELF-PROPELLED)					
	3920 (WAREHOUSE TRUCKS AND TRACTORS, SELF-PROPELLED)					
	3930 (BLOCKS, TACKLES, CHAINS, AND SLINGS)					
	3950 (WINDLASSES, AND DERRICKS)					
	3960 (FREIGHT HANDLING EQUIPMENT - SELF-PROPELLED)					
	3990 (MISCELLANEOUS MATERIALS HANDLING EQUIPMENT)					
	W024 (LEASE/RENTAL OF EQUIPMENT - TRACTORS)					
	W025 (LEASE/RENTAL OF EQUIPMENT - VEHICULAR EQUIPMENT COMPONENTS)					
	W028 (LEASE/RENTAL OF EQUIPMENT - ENGINES, TURBINES, AND COMPONENTS)					
	W029 (LEASE/RENTAL OF EQUIPMENT - ENGINE ACCESSORIES)					
	W030 (LEASE/RENTAL OF EQUIPMENT - MECHANICAL POWER TRANSMISSION EQUIPMENT)					
	W039 (LEASE/RENTAL OF EQUIPMENT - MATERIALS HANDLING EQUIPMENT)					
	V111 (TRANSPORTATION/RAVEL/ELOCATION - TRANSPORTATION: AIR FREIGHT)					
	V112 (TRANSPORTATION/RAVEL/ELOCATION - TRANSPORTATION: MOTOR FREIGHT)					
	V113 (TRANSPORTATION/RAVEL/ELOCATION - TRANSPORTATION: RAIL FREIGHT)					
	V114 (TRANSPORTATION/RAVEL/ELOCATION - TRANSPORTATION: STEVEDORING)					
	V115 (TRANSPORTATION/RAVEL/ELOCATION - TRANSPORTATION: VESSEL FREIGHT)					
	V121 (TRANSPORTATION/RAVEL/ELOCATION - TRANSPORTATION: AIR CHARTER)					
	V122 (TRANSPORTATION/RAVEL/ELOCATION - TRANSPORTATION: MOTOR CHARTER)					
	V123 (TRANSPORTATION/RAVEL/ELOCATION - TRANSPORTATION: RAIL CHARTER)					
	V124 (TRANSPORTATION/RAVEL/ELOCATION - TRANSPORTATION: MARINE CHARTER)					
	V125 (TRANSPORTATION/RAVEL/ELOCATION - TRANSPORTATION: VESSEL TOWING)					
	V126 (TRANSPORTATION/RAVEL/ELOCATION - TRANSPORTATION: SPACE TRANSPORTATION LAUNCH)					
	V127 (TRANSPORTATION/RAVEL/ELOCATION - TRANSPORTATION: SECURITY VEHICLE)					
	V129 (TRANSPORTATION/RAVEL/ELOCATION - TRANSPORTATION: OTHER)					

SAMPLE



Category Management Transportation and Logistics Services

- Category total spend: \$26.8B (Based on Federal Procurement Data System)
- Category Subcategories and Estimated Spend:
 - Packaging Delivery & and Packaging - \$729m
 - Logistics Support Services - \$6,325m
 - Transportation of Things - \$5,989m
 - Motor Vehicles (non-combat) - \$2,548m
 - Transportation Equipment - \$630m
 - Fuels - \$11,147m
- Year One Focus = Consolidate Package Delivery Services
 - DoD's Total Delivery Services (TDS) contract
 - GSA's Domestic Delivery Services (DDS) contract



What This Means to You

- CM is an OMB initiative that impacts all Federal agencies
- Increasing “spend under management” delivers value and efficiencies across the Federal enterprise
- Aggregating demand will simplify doing business across the Federal enterprise
- CM will facilitate better buying power
- Customer and Industry involvement is critical for success

Category Management