



U.S. General Services Administration

Federal Acquisition Service

The Federal Strategic Sourcing Initiative (FSSI)

October 9, 2008



Strategic Sourcing

Strategic Sourcing is the collaborative and structured process of critically analyzing an organization's spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently.



Federal Acquisition Service

OMB Memo

- OMB memo issued May 2005 requiring agencies to identify no fewer than three commodities to be purchased through strategic sourcing by October 2005 (excludes software purchased through SmartBUY).
 - Agencies need to leverage spending to maximum extent possible
 - Sound business decisions need to drive spending
- Federal Government spends approx. \$430B on goods and services annually
- Agency CAOs directed to develop a strategic sourcing plan that includes:
 - Governance (Concept of Operations)
 - Goals and Objectives
 - Performance Measures
 - Communications Strategy
 - Training Strategy

Federal Strategic Sourcing Initiative (FSSI)

- FSSI was created in November 2005 to address OMB requirements, and is co-chaired by GSA and Treasury
- 56 Federal agencies, commissions and boards participate
- Non-mandatory use; agencies encouraged to look at FSSI first
- Three FSSI vehicles with GSA as Executive Agent:
 - Wireless Telecommunications Expense Management (TEM) Services -- IDIQ, multiple award contract
 - Express and Ground Domestic Delivery Services – GSA Schedule 48 BPA
 - Office Supplies – GSA Schedule 75 BPAs



Federal Acquisition Service

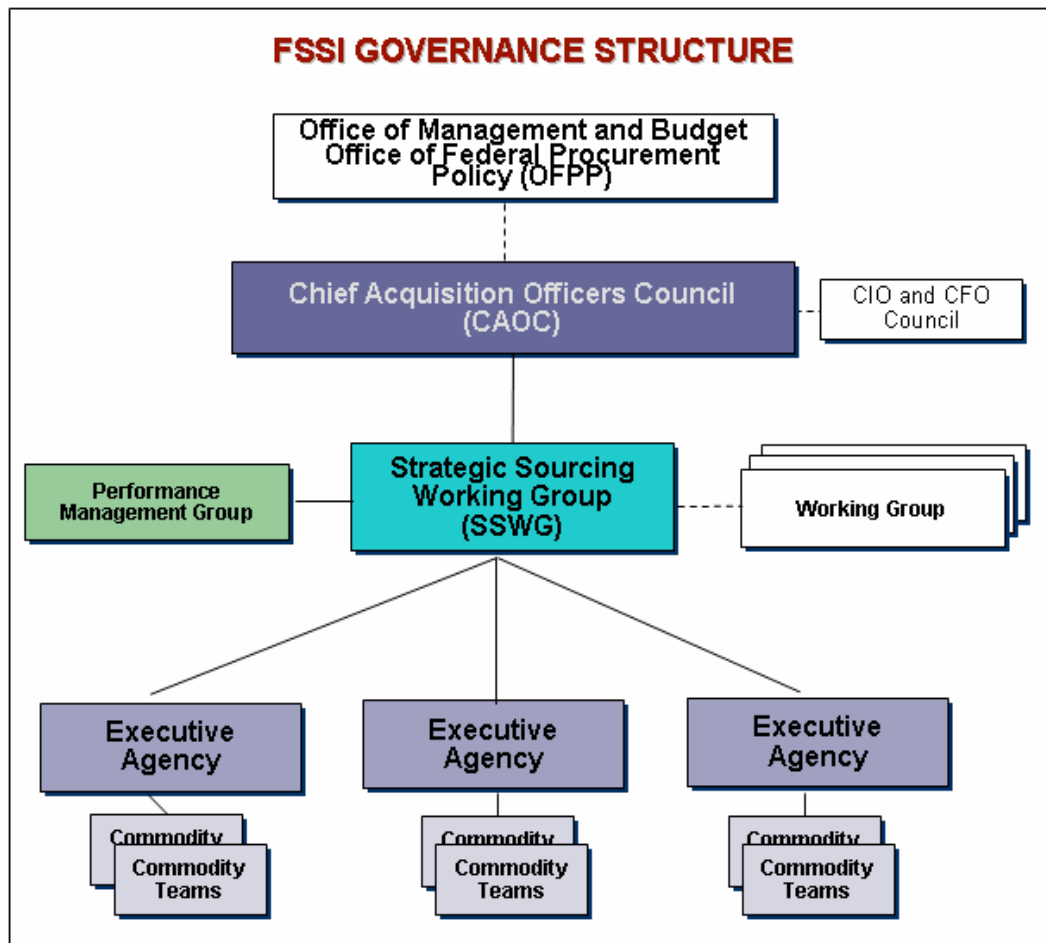
FSSI Goals and Accomplishments

FSSI Goals	Accomplishments
Test proof of concept	Three awards for ExGDDS, Wireless TEM, and Office Supplies
Increase savings, value and socioeconomic participation	ExGDDS – Savings of \$25.3M (FY08, Q1-3), \$33.8M (total projected FY08); Wireless TEM Services – Est. \$31-49M savings over five-year lifecycle, first award to CDC valued at \$3.43M; Office Supplies – Over \$10M in sales through the BPAs with nearly 90% going to small business
Share best practices and build community of practice	Established Community of Practice and users' councils with leadership through SSWG
Apply lessons learned to future efforts	Built repeatable processes, established online collaboration tools and improved business intelligence
Avoid unnecessary duplication of effort in responding to OMB	Developed governance processes (CONOPS and Toolkit); benchmarked performance; decreased duplicative contracting actions



Federal Acquisition Service

FSSI Governance Structure



HIGH-LEVEL VIEW

OFPP, CAOC, and SSWG

Set standards;
Vote on key decisions, appoint commodity teams; and Select Executive Agencies

Executive Agencies and Commodity Teams

(selected based on expertise and ability to execute)

Develop strategies and manage commodities for all participating agencies;
Collect and share best practices

OFPP (objective oversight)

Monitor key metrics
Collaborate with EA and CT to take corrective action
Disseminate best practices



Federal Acquisition Service



Step 1: Profile Commodity – Develop a detailed commodity profile based on a robust requirements, process, Total Cost of Ownership, and spend analysis. Leads to the identification of key findings and sourcing opportunities.

Step 2: Conduct Supply Market Analysis – Conduct market analysis to understand industry structure and market segments, trends, cost structure, competitive dynamics, and available sourcing levers.

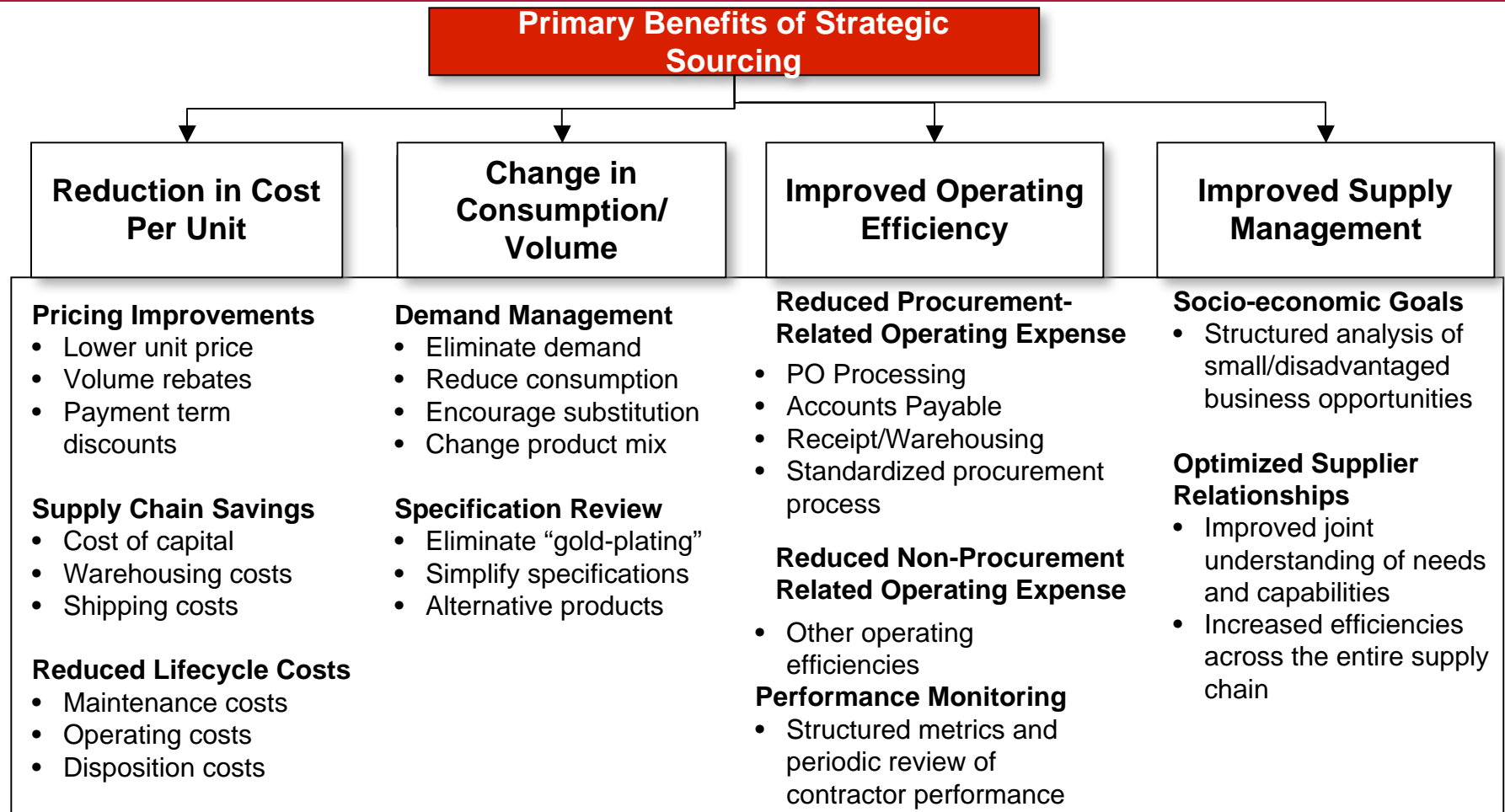
Step 3: Develop Commodity Strategy – Develop an organization-wide sourcing strategy to exploit the sourcing levers identified as part of the Commodity Profile and Supply Market Analysis processes.

Step 4: Issue RFx and/or Negotiate – Engage the supply community in order to award contract vehicle(s), if identified as part of the Commodity Strategy. Includes developing and issuing RFx based on the sourcing strategy developed in Step 3, conducting negotiations, developing proposals, and awarding contract(s).

Step 5: Implement and Manage Performance – Implement contract processes and policy changes necessary to ensure the successful implementation of the commodity sourcing strategy. Continually measure, track and manage performance.



Federal Acquisition Service



The benefits of strategic sourcing are numerous and go far beyond simple reductions in unit costs 8



FSSI Benefits

- Meet OMB's goal for cross-government participation
- Collect & analyze data to identify and influence spend behavior
- Re-engineer high-cost business processes
- Collaboratively develop government-wide requirements
- Increase socio-economic participation
- Share lessons learned and best practices
- Enjoy quality service levels and reduce total cost of operations
- Identify adjustments for future FSSI commodities/services



Federal Acquisition Service

Strategic Sourcing Community of Practice

Participating Agencies

DOD, Air Force; Navy; Marine Corps; Army; VA; HHS; Treasury; HUD; State; DOT; DOL; GSA; EPA; SSA; NASA; OPM

Goals/Objectives:

- Institutionalize strategic sourcing across government
- Share lessons learned and best practices at the federal and agency level
- Serve as a conduit back into member agencies to communicate information and help sell vision of FSSI
- Help to shape direction of FSSI and determine new commodities or services to be implemented across the government.
- Expand FSSI PMO resources to accomplish SSWG goals and objectives.



Strategic Sourcing Community of Practice Work Groups

- **Data** -- This work group is intended to address one of the federal government's most challenging issues. What spend data are we collecting, how are we collecting it, what systems do we have in place to collect the data, is the data we are getting out of systems like FPDS providing value? What recommendations would we make to improve existing systems, i.e., expanding fields to capture Level III data, or developing new processes to capture Level III data. The analysis and recommendations from this group will directly contribute to a larger effort being led out of OFPP around government-wide data management issues.
- **Best Practices and Lessons Learned** -- This work group is intended to create and leverage best practices and lessons learned based on FSSI intergovernmental efforts, individual agency strategic sourcing efforts and private sector experience with supply chain management. Sharing best practices and lessons learned helps to eliminate duplication of effort, decreases the learning curve for those new to strategic sourcing in government, makes optimal use of private sector experience and expertise in supply chain management.
- **Education/Training** -- This work group is intended to assess strategic sourcing training requirements, assess current vehicles available to provide training and make recommendations for expanding existing training or developing a new curriculum around strategic sourcing to provide certification for strategic sourcing professionals.
- **Strategic Sourcing Measures/Metrics** -- This work group is intended to assess FSSI-level and individual agency strategic sourcing measures/metrics to determine if there are adequate measures/metrics in the federal government to evaluate strategic sourcing activities, and if we as a government can agree on standard metrics to measure success based on best practices. This group can also help to define the value of strategic sourcing during the transition.



Current FSSI PMO Priorities

- Mature the Strategic Sourcing Community of Practice and expand the influence of the Working Groups
- Re-compete ExGDDS
- Work with ITI LOB and consider FSSI process for any recommended sourcing solutions
- Develop criteria for FSSI vehicle selection and determine next commodities/services



FSSI Vehicle Update

- Express and Ground Domestic Delivery Services (ExGDDS)
- Office Supplies
- Wireless Telecommunications Expense Management (TEM) Services



Federal Acquisition Service

Express and Ground Domestic Delivery Services

- October 6, 2006 -- Best value Blanket Purchase Agreement (BPA) awarded to FedEx for express and ground domestic delivery services for one base year, plus two 1-year options.
- 57 participating agencies – (FY08, Q1-3), spend \$71.1M, savings \$25.3M; FY08 total projected spend \$94.7M, total projected savings \$33.8M. Discounts off FedEx’s MAS contract for most express services is 31.8% (no fuel surcharges), and for standard ground is 16.9% (no fuel surcharges).
- Key Benefits of FSSI exGDDS:
 - Matured from 9 to 57 participating agencies
 - High customer satisfaction scores for transition to FSSI
 - Discounts increased as spend increased – Tier 2 to 3
 - Business intelligence reports and trend analysis
 - Heightened awareness and sharing of best practices
 - Avoided duplication of effort for participating agencies
 - Detail data and lessons learned for next procurement
- **POC: Blaine Jacobs, (703) 605-2892, blaine.jacobs@gsa.gov, www.gsa.gov/exgdds**



Federal Acquisition Service

Office Supplies

- August 3, 2007 -- Established best-value BPAs for toner, paper and general office supplies with 11 small businesses and two large businesses. Small businesses include woman-owned, 8(a) certified, and service-disabled, veteran-owned. Period of performance is one base year, and two one-year options.
- To date there have been over \$10M in sales on the FSSI BPAs with nearly 90% going to small business.
- All 13 FSSI BPAs have been modified to expand ordering procedures beyond GSA Advantage and DoD eMall to include fax, phone, email and contractor-operated website.
- Key Benefits of FSSI Office Supplies:
 - Streamlined procurement process for contracting personnel and reduces workload;
 - Agencies to more easily achieve socioeconomic goals;
 - Maintain competition amongst BPA holders. Further discounts are realized at the agency level;
 - Multiple vendors allows for full coverage throughout the government;
 - Agencies can establish “exclusive” agreements with one or more vendors.
- **POC: Judy Poskanzer, (212) 264-0305, judy.poskanzer@gsa.gov, www.gsa.gov/fssiofficesupplies**



Federal Acquisition Service

Wireless TEM Services

- January 11, 2008 – Contracts awarded to iSYS, LLC, Avalon Technology, and Booz Allen Hamilton. Period of performance is two base years, with three 12-month options. Estimated value is \$93M.
- Services include: Inventory management, rate plan optimization, invoice management and audit, contract optimization, ordering and procurement, dispute recovery, and device disposition/disposal.
- First award to Centers for Disease Control for one base year and four option years, valued at \$3.43M.
- Key Benefits of Wireless TEM Services:
 - Cost Reduction
 - Industry metrics show an average 20 to 30% realized savings due to:
 - Process efficiencies
 - More effective contract negotiation
 - Process and Compliance Improvement
 - Adherence to Agency usage policies
 - Better visibility and reporting with auditable documentation
- Based on average savings of 25% - 40%, the government could expect to save between \$31M - \$49M over the five-year lifecycle.
- **POC: Mike Loria, (504) 589-4348, michael.loria@gsa.gov, website: www.gsa.gov/fssitem**



U.S. General Services Administration

Federal Acquisition Service

FSSI Program Management Office

Michel Kareis, PMP
Program Manager
(703) 785-3013
Michel.kareis@gsa.gov

Kristina Nelson
Program Analyst
(703) 605-5556
Kristina.nelson@gsa.gov

Website
www.gsa.gov/fssi



U.S. General Services Administration

Federal Acquisition Service

Questions?