

Cross-Agency Priority Goal: Strategic Sourcing

FY2012 Q4 Status Update

Cross-Agency Priority Goal Statement

Reduce the costs of acquiring common products and services by agencies' strategic sourcing of at least two new commodities or services in both 2013 and 2014 that yield at least a 10 percent savings.

Goal Leader

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About this document

The Cross-Agency Priority (CAP) Goals were a key innovation introduced in the FY2013 Federal Budget. These goals focus on 14 major issues that run across several Federal agencies. Each of these historic goals has a Goal Leader who is a senior level White House official and is fully accountable for the success and outcomes of the goal.

Historically, areas of shared responsibility for multiple government agencies have been resistant to real progress. Success in these areas requires a new kind of management approach – one that brings people together from across and outside the Federal Government to coordinate their work and combine their skills, insights, and resources. The CAP Goals represent Presidential priorities for which this approach is likeliest to bear fruit.

This report discusses one of these CAP Goals, the Strategic Sourcing Goal, in detail, describing the plan for achieving the goal and the current status of progress. To see the full list of CAP Goals and to find out more about them, we encourage you to visit performance.gov.

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Overview

The Federal government spends over \$500 billion annually to acquire goods and services to conduct agencies' business. The Administration has already identified commodities for which agencies spend billions annually and has initiated acquisition and management savings efforts aimed at reducing the government's costs to acquire and use these commodities. For example, the Federal Strategic Sourcing Initiative (FSSI) is:

- saving at least \$40 million annually on office supplies;
- projected to save 30% in cost of printing and copying by reducing the purchase cost of the devices and implementing better print management strategies; and
- projected to save at least \$100 million on wireless devices and services by the end of FY 2013 and increasing savings to \$170 million annually by the end of FY 2016.

A recent GAO report on strategic sourcing (GAO-12-919, issued September 2012) reported that FSSI managed \$339 million in spending through three government-wide strategic sourcing solutions and reported savings of \$60 million. However, agencies have traditionally acquired and managed these common commodities in a decentralized manner and failed to achieve economies of scale or to implement effective spend management practices internally or across the government. As a result, many agencies often paid higher prices to acquire and use these commodities than necessary. This cross-agency goal will encourage agencies to reduce duplication, leverage their buying power, and improve the management of these products and services.

Agencies may meet this goal by leading agency-wide strategic sourcing efforts, establishing a new inter-agency strategic sourcing vehicle, or participating in another solution that leverages the government's buying power and reduces the cost to the taxpayer. In addition, agencies must increase their use of Federal Strategic Sourcing Initiative vehicles by at least 10 percent in both fiscal years 2013 and 2014, unless they can establish that their current spending patterns on such products are more cost-effective.

Strategies

Agencies have been made aware of the CAP goal at meetings of the Chief Acquisition Officers' Council (CAOC) and calls to Senior Procurement Executives (SPEs). OFPP will ask the CAOs and SPEs to identify the commodities for which they plan to implement new strategic sourcing vehicles for FY '13 and FY '14 and to report quarterly on their progress in establishing and implementing these vehicles. OFPP has also established and convened the Strategic Sourcing Leadership Council (SSLC) to coordinate the efforts of the agencies with the highest procurement spend in developing new government-wide strategic sourcing vehicles and maximizing those agencies adoption of existing FSSI solutions. OFPP will continue to work through the CAOC and SPEs to track agencies' progress in meeting their CAP goals on a quarterly basis.

Progress Update

Based on the most recent AcqStat reviews, most agencies are actively engaged in agency-wide or government-wide strategic sourcing initiatives, or both. IT hardware, software, and services are the most common commodities for which agency-wide strategic sourcing efforts were reported and accounted for the most spend (\$4.8 billion in FY '11). However, there were many commodities for which only one or two agencies had strategic sourcing effort underway, e.g., State and Navy for furniture; HHS and DHS for temporary staffing services; and the Nuclear Regulatory Commission for consulting services. OMB has recently created a Strategic Sourcing Leadership Council to increase the level of involvement in government-wide strategic sourcing effort by the agencies with the largest procurement spend. In addition to creating additional government-wide strategic sourcing solutions for products and services that represent the largest spend, this group will also oversee the agencies' adoption of current government-wide strategic sourcing solutions.

Indicators

Spending through government-wide Federal Strategic Sourcing Initiative (FSSI) solutions (\$ in millions). [NOTE: The CAP Goal is that agencies increase their spending through FSSI by 10% annually. The FY '12 and FY '13 targets reflect this goal.]

Timeframe	FY2011		FY2012						FY2013					
	Total	Target	Q1	Q2	Q3	Q4	Total	Target	Q1	Q2	Q3	Q4	Total	Target
Actual	309	NA	76	85	96	131	388	340	NA	NA	NA	NA	NA	427

Milestones Accomplished to Date

- Used AcqStat reviews to establish an FY2012 baseline for agencies' participation in strategic sourcing solutions.
- Established and convened a new interagency council, the Strategic Sourcing Leadership Council, to engage agencies with the highest contract spend in developing new government-wide strategic sourcing solutions and increasing their adoption of current FSSI solutions.

Next Steps

- Release guidance to agencies outlining the steps that the new Strategic Sourcing Leadership Council is expected to take to identify additional commodities for which new government-wide strategic sourcing solutions should be developed and to promote strong strategic sourcing practices within their agencies.
- Confirm FY2012 spending through FSSI solutions.
- Ask agencies to identify two new strategic sourcing solutions to be implemented in FY 2013 and provide related milestones.
- Ask agencies to provide plans and milestones for increasing adoption of FSSI solutions by 10% in FY 2013.

Future Actions

- FY2013 Q2 – Monitor status of agencies’ plans to implement two new strategic sourcing solutions and increase adoption of FSSI solutions.
- FY2013 Q3 – Monitor status of agencies’ plans to implement two new strategic sourcing solutions and increase adoption of FSSI solutions.
- FY2013 Q4 – Monitor status of agencies’ plans to implement two new strategic sourcing solutions and increase adoption of FSSI solutions; ask agencies to identify two new strategic sourcing solutions to be implemented in FY2014 and provide related milestones, ask agencies to provide plans and milestones for increasing adoption of FSSI solutions by 10% in FY2014.

Contributing Programs and Other Factors

The bi-monthly meetings that OFPP holds with the Chief Acquisition Officers’ Council (CAOC) as well as Acquisition Status (AcqStat) reviews that OFPP holds with the CFO Act agencies periodically offer opportunities for agencies to provide information on their strategic sourcing activities. The information gathered for these meetings and reviews will be modified to collect the information needed to track agency performance against their strategic sourcing CAP goals.

The specific OMB initiatives that contribute to this goal include:

- Campaign to Cut Waste
- Federal Strategic Sourcing Initiative
- Shared First Strategy