

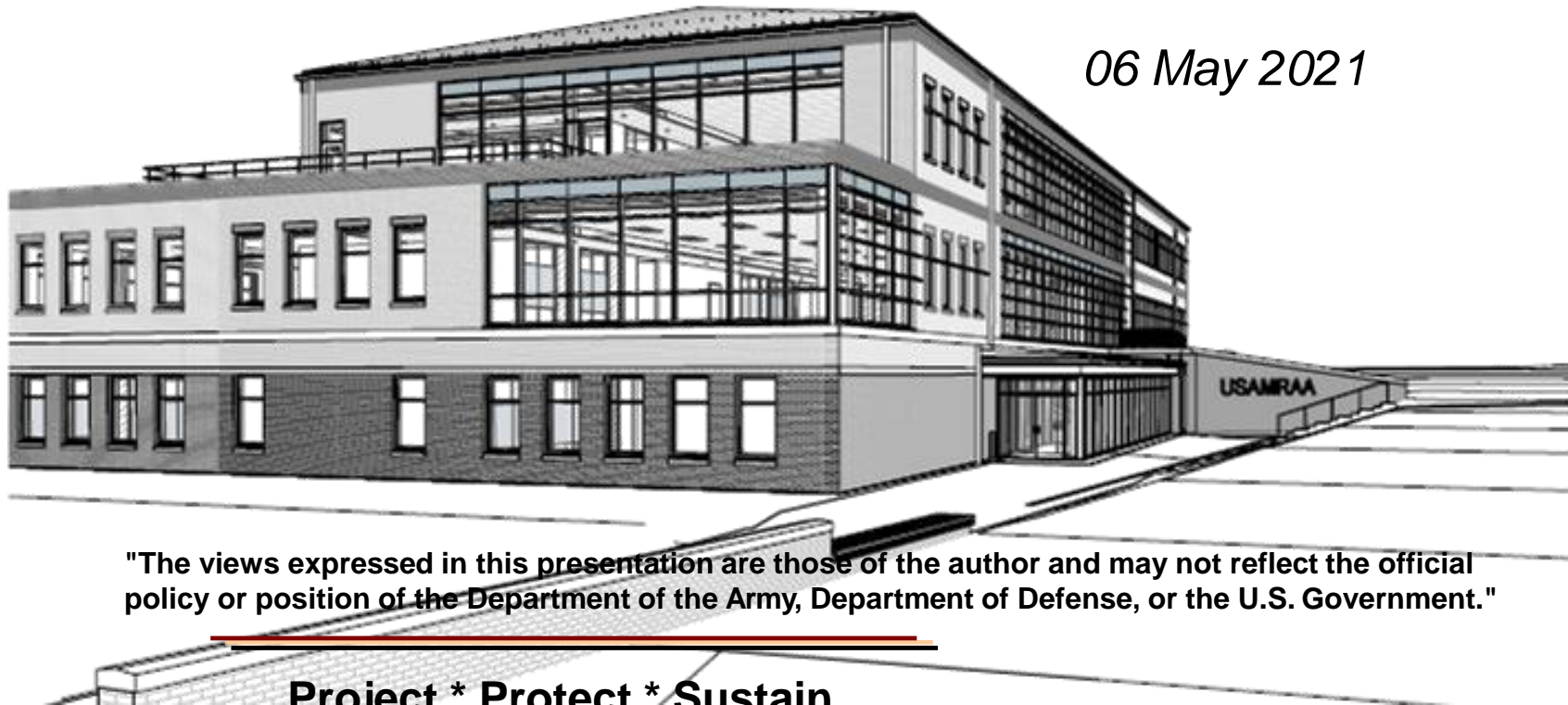
# Category Management

## Presentation for COR / Summit 2021

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**Project \* Protect \* Sustain**

- ▶ Overview of Category Management (CM)
- ▶ Category Management Requirements/Measurements
- ▶ What is Contracting's Role?
- ▶ PSC Importance/Training Resources
- ▶ Procurement.Army.Mil Category Management
- ▶ Acquisition Gateway Solutions Finder
- ▶ USAMRAA Category Management Points of Contact

# CM Requirements - Guiding Memorandums

- ▶ Memorandum, OMB, 20 March 2019, subject: Category Management: Making Smarter Use of Common Contract Solutions and Practices
- ▶ Memorandum, Secretary of the Army, 08 April 2019, subject: Directive for Implementation of Category Management
- ▶ Memorandum, Deputy Undersecretary of the Army, 06 February 2020, subject, Category Management Implementation and Execution
- ▶ Army Futures Command, Professional Services Category Management Implementation Plan, 25 September 2020
- ▶ Medical Research and Development Command (MRDC) Implementation Plan, 06 December 2020

**Unclassified**

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Strategic business practice of buying common goods and services using an enterprise approach to:

1. Reduce redundancies
2. Increase efficiencies
3. Drive savings from Government acquisition programs

# Category Structure



OMB structure categories federal spend into 19 general categories

## 10 Federal Level 1

(1) Information Technology; **(2) Professional Services**; (3) Security & Protection; (4) Facilities & Construction; (5) Industrial Products & Services; (6) Office Management; (7) Transportation & Logistics Services; (8) Travel & Lodging; (9) Human Capital; (10) Medical

## 9 Defense-centric Categories

(1) Aircraft, Ships/Submarines & Land Combat Vehicles; (2) Weapons & Ammunition; (3) Electronic & Communication Equipment; (4) Sustainment Services & Equipment; (5) Clothing, Textiles & Subsistence S&E; (6) Miscellaneous S&E; (7) Research & Development; (8) Equipment Related Services; (9) Electronic Communication Services

# Overview of Category Management



- ▶ Army CM is focused on five categories:  
Facilities/Construction, IT, Professional Services, Medical,  
and Transportation and Logistics.
  - ◆ Requirements/Contracts fall under a particular Category based on the PSC selection
  - ◆ True R&D is not subject to the CM principles

# Overview of Category Management



- ▶ Analyzing data is a **key component** to understand spend, which is needed in order to consolidate and standardize requirements.
  
- ▶ Spend Under Management (SUM) refers to the percentage of contracts actively managed. Actively managed refers to the use of contracts with a Tier rating of 1,2, or 3.
  - ◆ Tier rating is an official designation process by OMB.
  - ◆ Reduce unaligned (Tier 0) spending internal IDIQs/BPAs, Purchase Orders, Contracts.
  - ◆ Consolidate buying under the Tiered vehicles.

# Overview of Category Management



- ▶ **Tier 0** - Unaligned spending by the agency, which involves purchasing in a decentralized manner and not conforming to category management principles, including strategic oversight and disciplined consideration of performance data to understand prices paid or other metrics
- ▶ **Tier 1** – *Spending managed at the agency-wide level with supporting mandatory-use policies and strong contract management practices*, including data analysis, information sharing across the agency, and use of metrics that are defined, tracked and publicized
- ▶ **Tier 2** – *Spending managed at Government-wide level through multi-agency or Government-wide solutions that are not BIC solutions* but reflect strong contract management practices, including data and information sharing across agencies, and use of cross-agency metrics.
- ▶ **Tier 3** – *Spending managed at the Government-wide level through use of BIC solutions* that have been identified through a collaborative interagency process by acquisition category experts within the Government as offering the best pricing and terms and conditions within the Federal marketplace and reflecting the strongest contract management practices

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## FY18/19 Data

Tier Rating	% Obligated
Tier 0	83.37%
Tier 1	.08%
Tier 2	6.99%
Tier 3	9.56%
Total	100%

# What is COR's Role?



- ◆ Establish and implement internal processes to achieve spend objectives.
- ◆ Gain visibility and understanding of contracting spend behaviors.
- ◆ **Early engagement** with USAMRAA is critical for successful acquisition planning.
- ◆ Work with USAMRAA to identify strategic sources available to meet your requirements. A stand-alone contract is a last resort – **no longer business** as usual.
- ◆ Aggregate and/or reshape requirements if possible to reduce redundancies and duplication and achieve economies of scale.
- ◆ Work with your AMLOs

# What is Contracting's Role?



- ▶ Assist with Market Research
  - ◆ Use the Acquisition Gateway Solutions Finder to research vehicles
  - ◆ Avoid Standalone Contracts unless there is no other solution evidenced through Market Research that will meet the need/schedule
  - ◆ Address availability of Tiered vehicles in Market Research report and acquisition strategy/plans
  - ◆ **Be aware of the DHA OMNIBUS IV and when it becomes available**
- ▶ Be prepared to consolidate contracts
  - ◆ Consolidation and Bundling Determinations
  - ◆ Unique transition requirements
  - ◆ Multiple Requiring Activities/MRDC Direct Reporting Units

# What is Contracting's Role?



- ▶ Modifications and CAR corrections may need be required for certain contracts – Funding Office ID and PSC (Make sure these are corrected in GFEBS too)
- ▶ Use reverse auction tool on CHESSESS for consolidated supply requirements
- ▶ Use CHESSESS for IT services and supplies
- ▶ Be prepared to compete previous standalone 8(a) direct awards as 8(a) set-asides when requested

# PSC Importance



- ▶ Contracts are aligned to OMB categories based upon the PSC on the contract that represents the preponderance of the dollars/work
- ▶ Requiring Activities are required to manage their spend, and need accurate data to do so
  - ◆ Understanding where the spend is
  - ◆ Standardize and consolidate contracts
  - ◆ Understanding prices paid under contracts
  - ◆ Identifying what contract vehicles are available
- ▶ Directly impacts the reported unaligned spending and/or SUM
- ▶ Policy Alert #21-11, PSCs were updated 29 October 2020, for re-competed contracts do not rely on previous codes

**Unclassified**

# What is Contracting's Role?



- ▶ Coordinate with Requiring Activity on PSC selection
  - ◆ PSC Manual @ <https://www.acquisition.gov/psc-manual>
    - ✘ Gives you the description of the PSC
  - ◆ PSC Selection Tool @ <https://psctool.us/>
    - ✘ PSC key word search, identifies the OMB Category, and suggests NAICS code
  - ◆ USAF Prediction Engine @ <https://www.fscpsc.com/>
    - ✘ PSC key word search, identifies the OMB Category, and suggests NAICS code
    - ✘ Better search and suggestions than PSC Selection tool
  - ◆ R&D PSC ending with “4” (i.e., AN14 R&D Administrative Expenses) ARE considered Professional Services, Advisory and Assistance services
    - ✘ Expenses for R&D, such as the operating costs of research facilities and equipment and other overhead costs.

Questions ???????