



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
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OMB Promotes Use of Strategic Sourcing in Acquisitions

Washington, D.C. – The Office of Management and Budget (OMB) has issued a memorandum requiring agencies to leverage the government’s buying power by applying strategic sourcing principles to acquisitions. Strategic sourcing is the collaborative and structured process of analyzing an organization’s spending and using the information to develop strategies that reduce the purchase price for goods.

Agency Chief Acquisition Officers (CAOs) will lead the government-wide strategic sourcing initiative in coordination with agency Chief Financial Officers, Chief Information Officers, agency small business advocates, and other organization leaders. CAOs will spearhead agency efforts to analyze spending data, identify high-volume commodity purchases, and develop strategies to minimize acquisition prices for each agency.

“Much like SmartBuy for software, the use of strategic sourcing is designed to get better pricing when the government buys commodity items. Strategic sourcing is just another example of our efforts to best leverage the government’s buying power and to realize the most savings for taxpayers,” said David H. Safavian, Administrator for Federal Procurement Policy.

The memorandum asks agencies to take initial steps toward institutionalizing strategic sourcing, including identifying three commodities by October 1, 2005, that could be purchased more effectively and efficiently using strategic sourcing principles. Beginning in January 2006, agencies will report annually to the Office of Federal Procurement Policy on the implementation of strategic sourcing plans, reductions in prices, improvements in supplier performance, and changes in the achievement of socioeconomic goals.

To view the memorandum, go to:

http://www.whitehouse.gov/omb/procurement/comp_src/implementing_strategic_sourcing.pdf

For more information, please contact OMB Communications at (202) 395-7254.

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