



OFFICE OF FEDERAL
PROCUREMENT POLICY

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 11, 2008

MEMORANDUM FOR CHIEF ACQUISITION OFFICERS

FROM: Paul A. Denett
Administrator

SUBJECT: Guidance on Agency Fiscal Year 2007 Strategic Sourcing Reports

The Office of Management and Budget (OMB) continues to focus on strategic sourcing as a sound business principle that should be applied wherever possible. OMB's memorandum of May 20, 2005, requires Chief Acquisition Officers to develop collaborative strategic sourcing plans and to report on implementation strategies for sourcing goods and services more effectively. Guidance on the content and format of the report is provided below.

The Office of Federal Procurement Policy (OFPP) commends the General Services Administration (GSA) for its work on the Federal Strategic Sourcing Initiative (FSSI) and its multi-agency, strategic sourcing solutions for express and ground domestic delivery services, office products, and wireless telecommunications expense management (TEM) services. These initiatives are the foundation for implementing strategic sourcing across agencies and we encourage maximum agency participation. GSA recently established a new Program Management Office for FSSI that will be dedicated to maturing these strategies, identifying new opportunities, and working with agencies to institutionalize strategic sourcing practices government wide. Please visit the FSSI Web site on www.gsa.gov/fssi for more information and ordering details.

The FSSI solution for express and ground domestic delivery services involves over 50 agencies with orders of almost \$50 million in FY07. The government saved approximately \$16.7 million in FY07 over the original GSA schedule prices for express and ground domestic delivery services. GSA gathered a significant amount of data about agency shipping profiles and usage information, which agencies will find useful as they manage this effort.

Of the thirteen businesses awarded blanket purchase agreements (BPAs) for office supplies, eleven are small businesses (including 8(a) certified, women- and veteran-owned businesses) and two are large businesses. The FSSI solution for office supplies includes discounts up to 30% off current schedule pricing, and the BPAs are available on GSA Advantage and DOD eMall. Finally, the recently awarded contracts for wireless TEM services will help agencies manage their wireless bills through improved invoice administration, inventory management, rate plan optimization, and other cost saving

services. Based on preliminary estimates, agencies can save 25-40 percent off their wireless bills by using the FSSI TEM solution.

To enable the government to strengthen the sourcing and management of commodities and services, please provide the following information and include links to any supporting documents, such as best practices and lessons learned, so we can share them on the community of practice Web site, acc.dau.mil/strategicsourcing.

- a. Results of FY 2007 Strategic Sourcing Initiatives – Describe your agency’s FY 2007 strategic sourcing goals and results expressed in terms of the performance measures in paragraph c. below, to the maximum extent practicable.
- b. FY 2008 Strategic Sourcing Goals – Describe your agency’s FY 2008 strategic sourcing goals expressed in terms of the performance measures in paragraph c. below, to the maximum extent practicable. If possible, please indicate your agency’s staffing resources involved in strategic sourcing.
- c. Performance Measures – Describe the performance measures used to assess the agency’s strategic sourcing activity and provide the methodologies used to calculate them. Measures generally include, but are not limited to, the impact on:
 - i. Price of the goods or services
 - ii. Cost of the transaction (due to process efficiencies)
 - iii. Socio-economic goals (by preference program)
 - iv. Performance (including customer satisfaction)
 - v. Information that improves management of commodities and services
- d. Participation in FSSI – Describe your agency’s participation in the FSSI solutions for express and ground domestic delivery services, office products, and wireless TEM services. If you have achieved savings or other process efficiencies through the use of one or more of these solutions, please describe. If your agency is not participating, please provide your rationale and any suggested changes to the FSSI approach that would encourage your participation. Please suggest other commonly-purchased products and/or services that you would like included in additional FSSI offerings.

The Chief Acquisition Officers Council’s Strategic Sourcing Working Group is exploring the feasibility of establishing standard labor category definitions for information technology services. The group has conducted a preliminary analysis and intends to engage others in the community as it considers the next steps. This effort could improve how requirements are defined and improve the proposal evaluation process. If your agency is interested in participating in this effort, please forward your representative’s contact information to lfield@omb.eop.gov.

Agencies with Chief Acquisition Officers are required to submit this strategic sourcing progress report to OFPP no later than April 18, 2008. If your agency has already submitted its FY 2007 progress report to OFPP, you do not need to resubmit the report based on this guidance. However, please ensure that your submission includes the information requested in section d, "Participation in FSSI," to reflect your agency's involvement in the FSSI effort. The Small Agency Council is encouraged to submit a report that reflects the collective experience and future efforts of small agencies. If your agency point of contact has changed, please provide updated contact information. All documents should be submitted electronically to lfield@omb.eop.gov.

Maximizing the value of taxpayer dollars is our community's responsibility and OFPP remains committed to this initiative. Please contact Lesley Field of my staff on (202) 395-4761, if you have any questions.

cc: Chief Information Officers
Chief Financial Officers
Senior Procurement Executives