



WHAT IS STRATEGIC SOURCING?

Strategic Sourcing is a fact-based and analytical process for optimizing an organization's supply base while reducing Total Cost of Ownership and improving mission delivery



A group of senior Federal executives participating in Censeo's 2006 Public Sector Strategic Sourcing Roundtable defined strategic sourcing in the federal government as:

- **A Systematic Process** for analyzing and developing optimal strategies for buying goods and services
- **A Data Driven Process** that relies on fact-based analysis for decision making rather than "hunches"
- **A Holistic Process** that addresses customer needs, market conditions, organizational goals and objectives, and other environmental factors
- Based on **Market Intelligence** and takes into account small business capabilities
- Inclusive of **Customer Requirements**
- **A Cross-Functional Approach** that incorporates the perspectives and expertise of acquisition specialists as well as end users
- About **Supporting an Organization's Mission** through procured goods and services
- About Developing **Organization-wide Strategies**



BACKGROUND

Strategic Sourcing has been endorsed by Office of Management Budget and is required for implementation across all Federal agencies

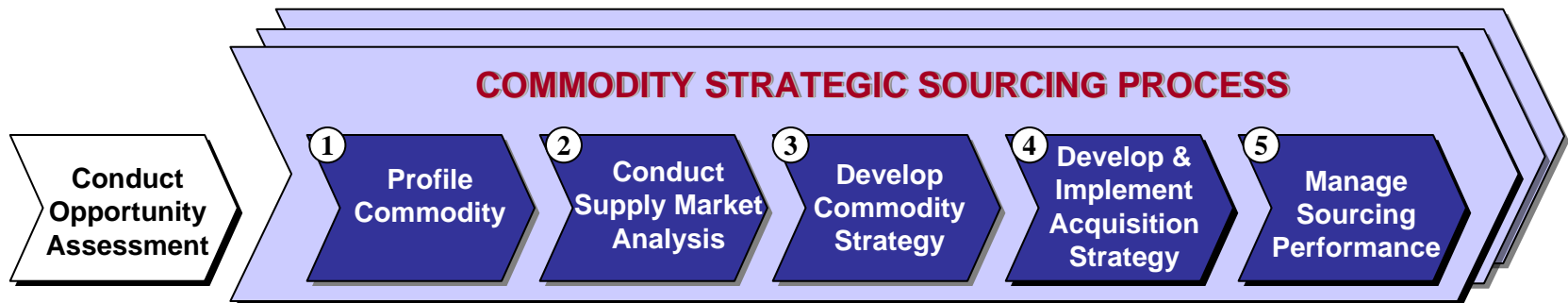
Federal Organization	Recent Activity and Guidance
<p>General Accountability Organization (GAO)</p>	<ul style="list-style-type: none"> • Published reports recognizing the benefits of Spend Analysis and Strategic Sourcing as an Industry and Government Best Practice
<p>Office of Federal Procurement Policy at OMB (OMB/OFPP)</p>	<ul style="list-style-type: none"> • Directive issued 5 May 2005 requires each Federal Agency and Department to: <ul style="list-style-type: none"> – Implement Strategic Sourcing – Identify commodities for strategic sourcing – Report annually to OFPP/OMB on progress
<p>Federal Chief Acquisition Officers Council (CAOC)</p>	<ul style="list-style-type: none"> • Formed Strategic Sourcing Working Group (SSWG) to lead and guide Federal strategic sourcing initiatives
<p>Defense Procurement and Acquisition Policy office at OSD (OSD/DPAP)</p>	<ul style="list-style-type: none"> • Currently establishing a DoD Strategic Sourcing Governance Structure and process • Sponsored study on best sourcing practices for acquiring IT services



STRATEGIC SOURCING PROCESS

DoD has adopted a well-defined and structured process for strategic sourcing that is rooted in fact-based analysis

STRATEGIC SOURCING PROCESS – HIGH LEVEL OVERVIEW



Environmental Services is one of five commodities for which IMCOM has completed the first three Strategic Sourcing steps