



U.S. General Services Administration

# Federal Acquisition Service

**Federal Strategic Sourcing Initiative  
Second Generation Domestic Delivery  
Services (DDS2)**

**Customer Kickoff Briefing**

**February 2, 2010**

## Agenda

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- Office of Management & Budget (OMB) – Jack Kelly
- Office of Governmentwide Policy (OGP)– Steve Rosen & Kusuma Aralere
- DDS2 Background & Value Proposition – John Blanchard
- DDS2 Transition & Implementation – Blaine Jacobs
- UPS Service Offerings – Tom Dames

## Definition of Strategic Sourcing

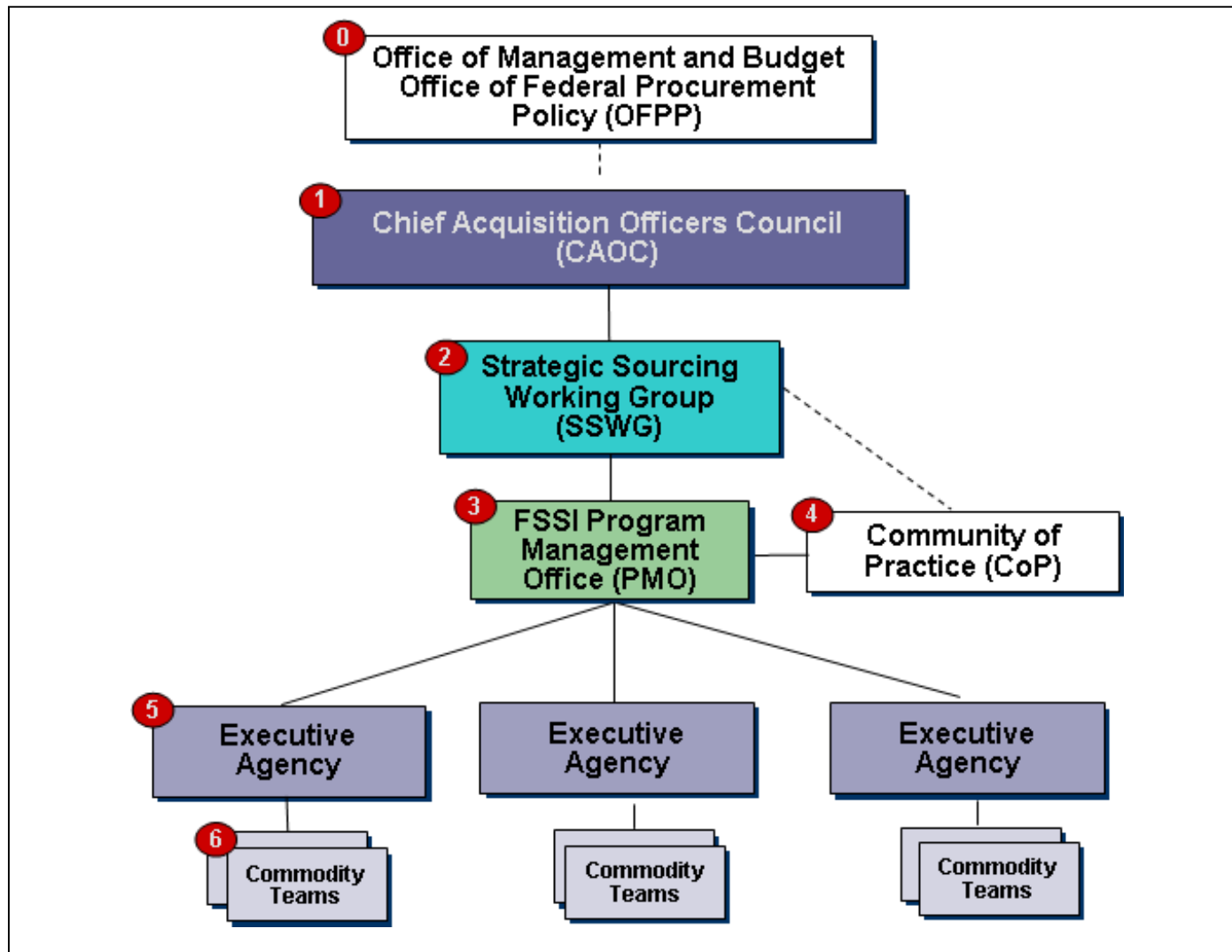
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### What is Strategic Sourcing?

“Strategic sourcing is the collaborative and structured process of critically analyzing an organization’s spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently”

Clay Johnson  
Former Deputy Director for Management, OMB

## FSSI Governance Structure



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## The DDS2 program is the result of a year-long collaboration between dozens of government experts

### REQUIREMENTS DEFINITION & ACQUISITION STRATEGY TEAM

- Kesa Russell, DHHS
- Steve Schneider, DHHS-NIH
- Valerie Hood, DHHS-NIH
- Kathryn Calderone, DHS
- Acia (John) Parker, DHS-USCG
- Gerri Tzul, DOC
- Al Majors, DOE
- Anthony Nellums, DOE
- Tim Jackson, DOE
- Sondra White, DOI
- Romerio Moreno, DOL
- Ames Owens, DOT
- Steve Hopkins, DOT-FAA
- James Burns, DOT-FMCSA
- Brian Dennis, NTSB
- Jack Kelly, OMB
- Rosalind Wright, OPM
- Brenda Jackson, Treasury-IRS
- Diane Kanuka, Treasury-IRS
- Christin Lawlor, USDA
- Todd Repass, USDA
- Victor Jefferson, USDA
- Bill Bardwell, VA
- Nelson Gonzalez, VA
- Becky Koses, GSA
- Blaine Jacobs, GSA
- Ed Kelliher, GSA
- Ernie Stevens, GSA
- John Blanchard, GSA
- Kristina Nelson, GSA
- Lynn Ju, GSA
- Marquita Washington, GSA
- Mary Anne Sykes, GSA
- Mary Davie, GSA
- Michel Kareis, GSA
- Tauna Delmonico, GSA
- Valerie Bagby, GSA
- Tim Burke, GSA

### CONTRACTING OFFICER

- Jason Holloway, GSA

### TECHNICAL EVALUATION TEAM

- Diane Kanauka, IRS
- Bill Bardwell, VA
- Ernie Stevens, GSA

**The DDS1 program has been a true success story for the government, saving over \$100M since it was introduced in 2006**

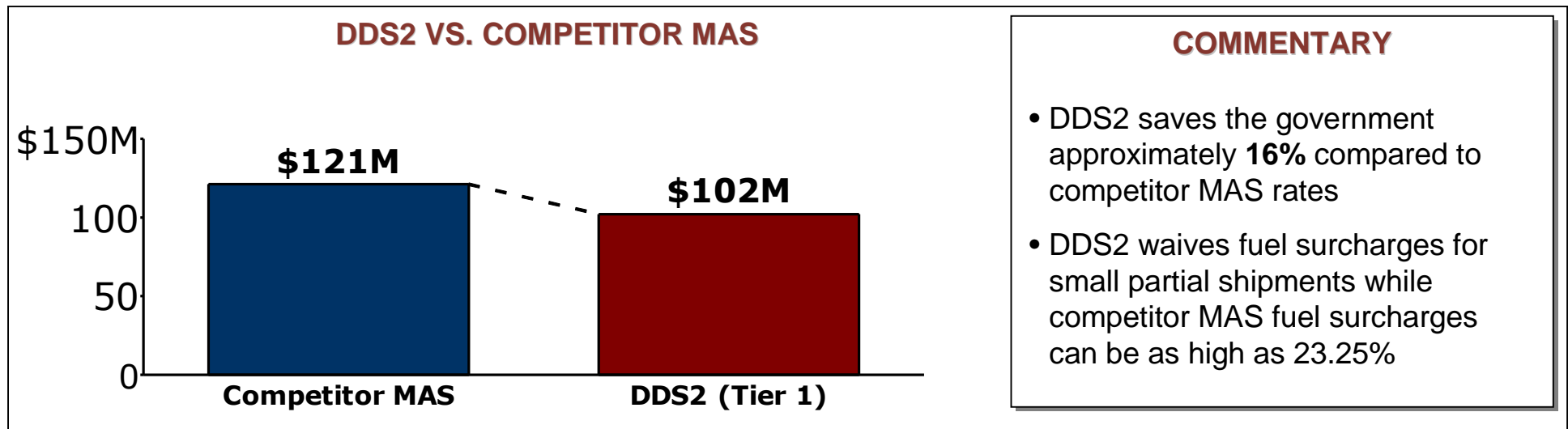
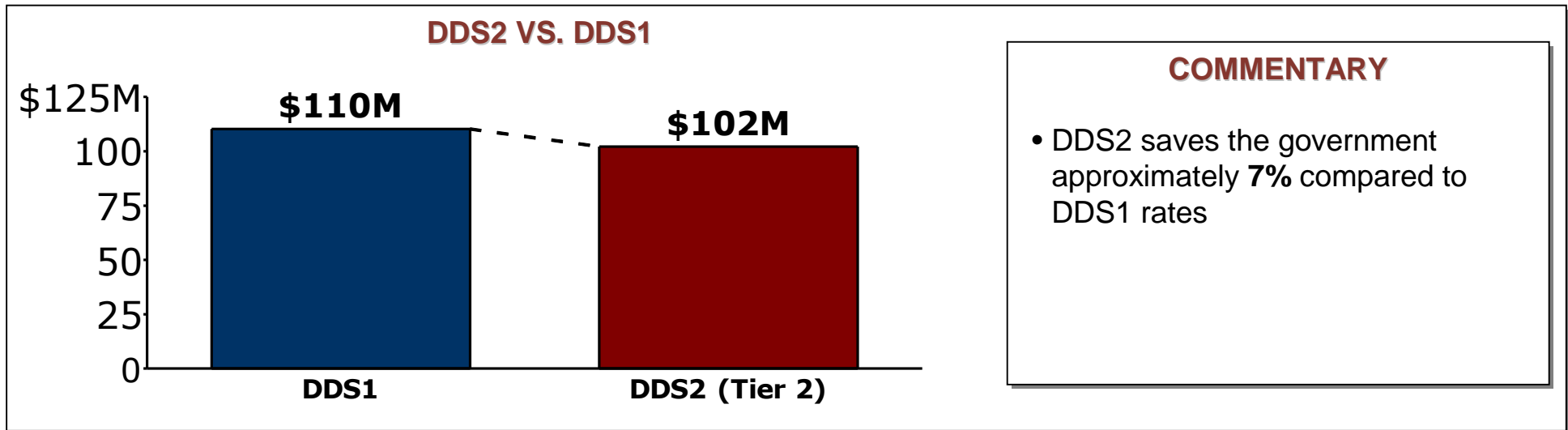
**DDS1 WAS SUCCESSFUL....**

- Awarded to FedEx in 2006, and will expire March 31, 2010
- Estimated to have saved agencies a total of over \$100M off of MAS rates since the program's inception
- Although the government has achieved significant savings through DDS1, surcharge costs remained an issue

**...DDS2 IS EVEN BETTER!**

- One year (plus 4 option years) award to UPS is based on nearly a year of effort from a 15 agency Strategic Sourcing team, who were focused on:
  - Ensuring high quality service
  - Maintaining DDS1 savings
  - Lowering surcharge costs
  - Improving reporting & analysis capabilities
- UPS provided a full suite of services and extremely competitive pricing.... **7% lower than DDS1**
- DDS2 decreases surcharge rates (including residential and delivery area charges), and continues to waive fuel surcharges for small parcel shipments

## GSA has already lined up agency commitments that put DDS2 pricing in Tier 2, ensuring significant savings over DDS1 and competitor MAS pricing





**DDS2 provides the government both exceptional value and strategic benefits**

**AGENCY BENEFITS JOINING THE DDS2 PROGRAM**

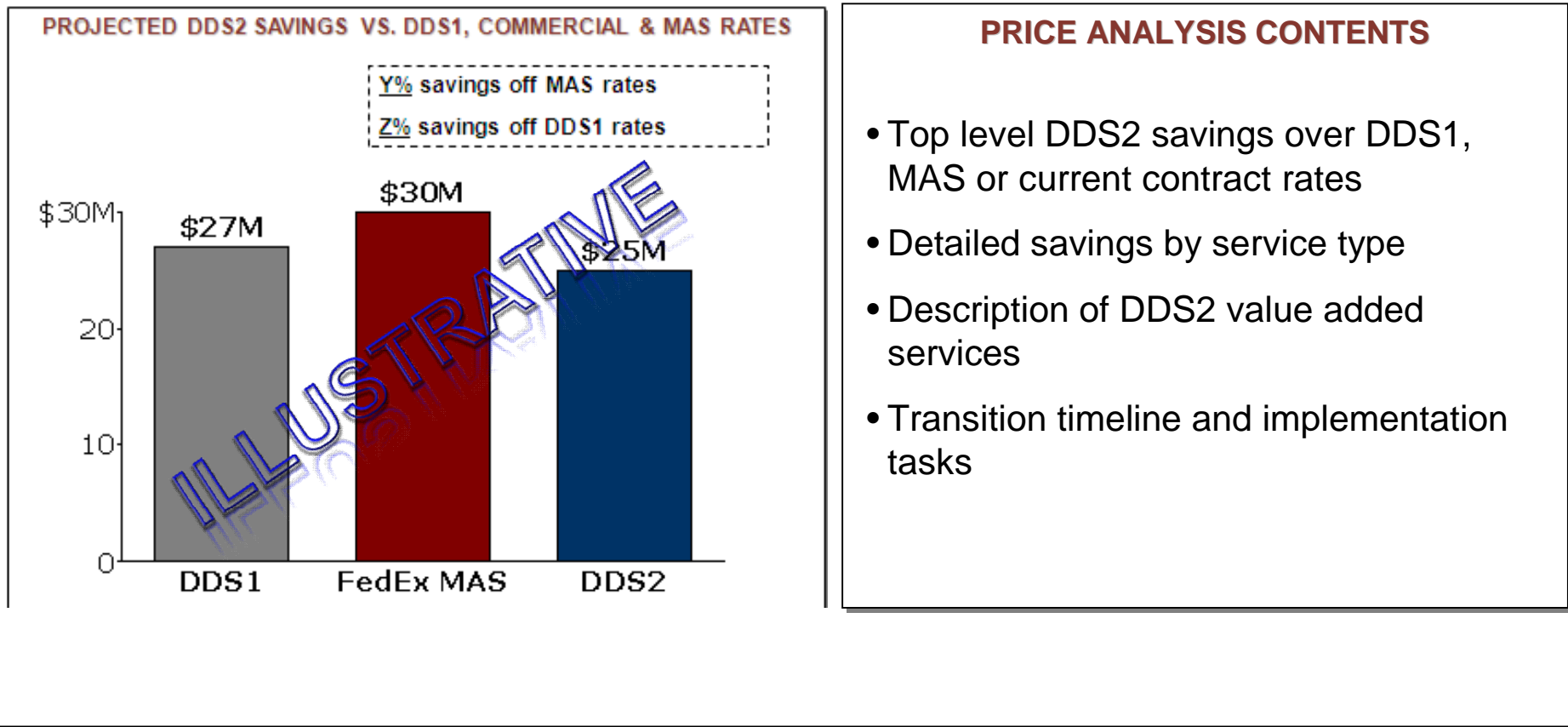
Benefit	Description
Pricing	<ul style="list-style-type: none"> <li>▪ Savings of <b>16%</b> vs. MAS rates, and <b>7%</b> vs. first generation DDS</li> </ul>
	<ul style="list-style-type: none"> <li>▪ No fuel surcharges on small parcel shipments</li> </ul>
Improved Transparency	<ul style="list-style-type: none"> <li>▪ Aggressively negotiated discounts on common surcharges</li> </ul>
Operational Efficiencies	<ul style="list-style-type: none"> <li>▪ Minimized administrative overhead through use of a dedicated customer service team</li> <li>▪ Efficient management of inbound, outbound, and intra-agency shipments</li> </ul>
Improved Business Intelligence	<ul style="list-style-type: none"> <li>▪ Robust savings reports which can be used to demonstrate progress towards meeting OMB's savings targets</li> <li>▪ Data and reporting to help agencies implement commercial best practices for additional cost reductions</li> </ul>

**GOVERNMENT-WIDE BENEFITS OF THE DDS2 PROGRAM**

- Strengthens the government's bargaining position for future contracts
- Improves the government's ability to understand its overall shipping patterns
- Demonstrates that the government is willing to make the changes necessary to lower long-term costs
- Exemplifies the benefits of government-wide strategic sourcing

GSA will submit a *pro forma price analysis* to each customer which shows DDS2 savings based on that agency's unique shipping pattern

### DDS2 AGENCY PRO FORMA PRICE ANALYSIS



## Agenda

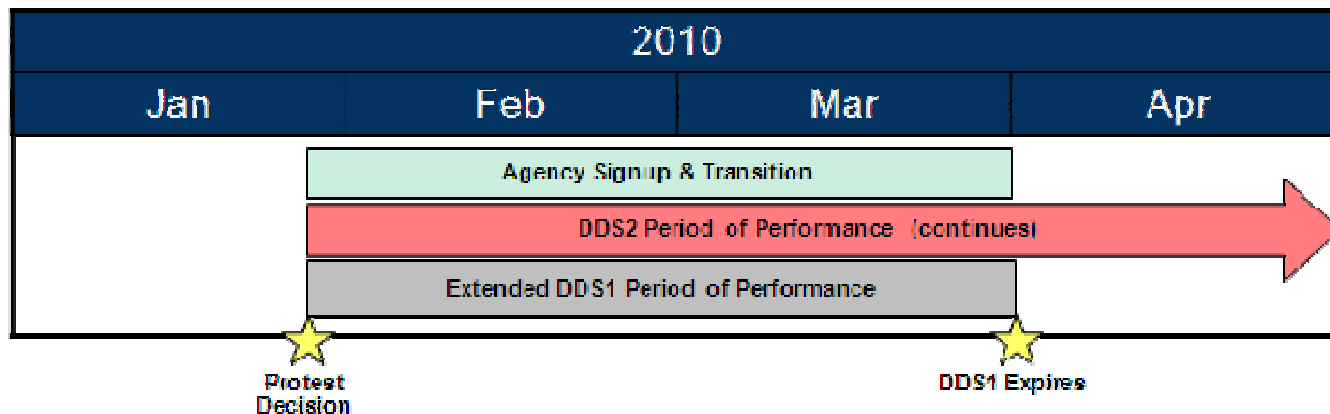
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## GSA and UPS have dedicated staff to transition agencies to DDS2 before March 31

### SIGNUP AND TRANSITION PROCESS

- To maximize the time available to transition to DDS2, GSA encourages agencies to **submit their signup letters as soon as possible**
  - GSA will re-distribute pro forma price analyses to each agency and review these analyses with stakeholders and senior leadership
- After receipt of your signup letter, GSA will modify the DDS2 task order to include your agency
- Agencies will obligate funds and submit funding documents to UPS
- GSA and UPS will work with customer agencies individually to effectively transition accounts



**To maximize the implementation period and ensure a smooth transition, GSA strongly encourages all agencies to submit their signup letter as soon as possible**

## Next Steps

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### **DDS2 NEXT STEPS**

- GSA to send individual pro forma price analyses to each agency (and meet with agency leadership if required)
- Agencies complete and return DDS2 signup letter
- UPS contacts agencies to begin transition activities
- DDS1 expires March 31... all transition activities complete

## Account Identification Process

## Agencies have four options for identifying current shipping accounts and account holders

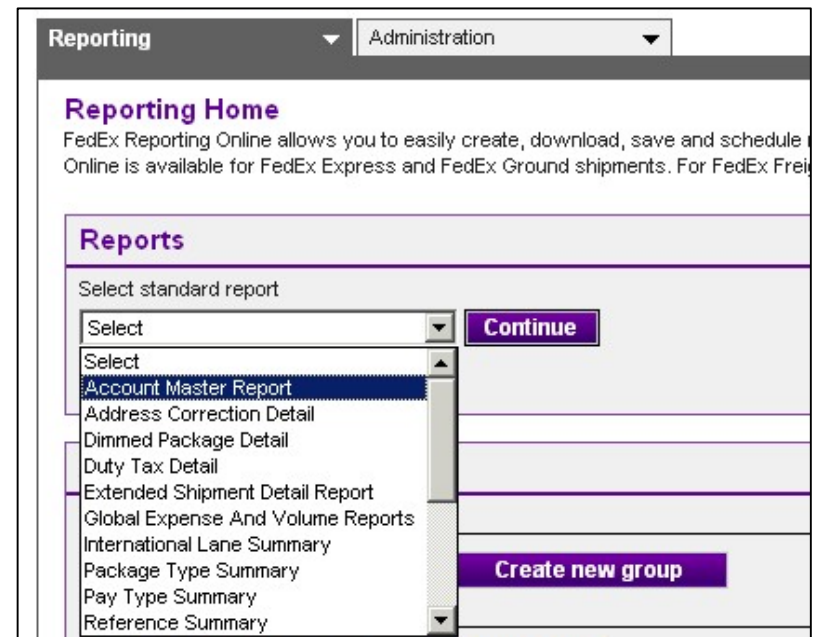
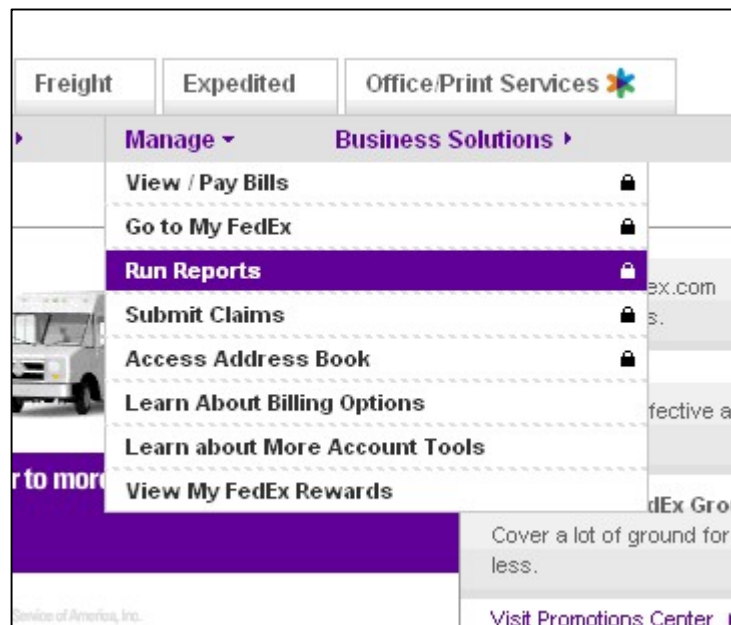
### POTENTIAL OPTIONS FOR IDENTIFYING AGENCY ACCOUNTS

#	Option	Description
1	<b>Utilize Existing Agency Records</b>	<ul style="list-style-type: none"> <li>▪ Load data into the UPS-provided transition spreadsheet to quickly convert accounts</li> </ul>
2	<b>Collect Data via FedEx® Reporting Online (FRO)</b>	<ul style="list-style-type: none"> <li>▪ Use the FedEx® Online Reporting tool to identify accounts</li> </ul>
3	<b>Request Account Info from FedEx®</b>	<ul style="list-style-type: none"> <li>▪ Contact your FedEx® account representative and request account numbers and account information</li> </ul>
4	<b>Utilize Secure UPS Account Transition Portal</b>	<ul style="list-style-type: none"> <li>▪ Upon request, UPS will provide access to a secure web portal to facilitate collection of account information</li> </ul>

## Agencies have the ability to identify accounts and account holders through FedEx® Reporting Online

### FEDEX® REPORTING ONLINE ACCOUNT IDENTIFICATION

- Prior to using FRO to access account information, contact your FedEx Rep to be set up for FRO access to your “national account”



Source: www.fedex.com