

# **Category Management**

Transportation and Logistics Services



## Category Management

#### What is CM:

 An OMB-sponsored initiative that enables the Federal Government to buy smarter and more like a single enterprise. It involves managing large categories of spend comprised of commonly purchased products and services

#### **Key Principles:**

- Optimize existing contract vehicles
- Improve data collection and analysis to drive improvements in category spend
- Leverage industry / commercial intelligence and key partner relationships
- Maximize customer insights to bring more spend under management
- Grow and share expertise across the Federal enterprise

#### Why CM is important:

- Better spend for taxpayer dollars by:
  - eliminating redundancies, such as the number of contracts
  - increasing efficiency by managing spend throughout the Federal enterprise
  - delivering more value and savings from the government's acquisition programs
  - sharing data and best practices so that all agencies can leverage and benefit



## Comparing Category Management & Strategic Sourcing



# From the Kickoff: Category Management and Strategic Sourcing



	Strategic Sourcing	Category Management		
Goal	Reduce purchased costs for a given commodity, most often by selecting lower-cost suppliers through demand aggregation, competitive bidding and negotiation.	Maximize realized category value to the organization, including total cost of ownership (TCO, risk, operational performance, innovation, etc.		
Frequency	Periodic and project-based. Triggered over one or more years in the course of managing a commodity.	Ongoing, day-to-day process. Triggers project-based activities and other operation improvements as needed.		
Approach	Conducted via an n-step sourcing methodology culminating in transition to a new supplier contract.	Develops a category strategy and applies appropriate value levers and supporting techniques/tools as needed to meet value objectives (e.g., strategic sourcing, supplier management, total cost management, demand management).		
Results	Reduced contract pricing translating to actual realized savings hitting the bottom line.	Category value is targeted, including validated savings and broader value measurement.		

Privatin

Source: The Hackett Group



# Category Management Governance Structure



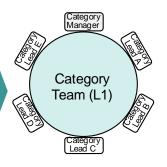
#### **CMLC**

The governing board for Category Management initiatives. Provides government-wide direction on CM strategy and initiatives.



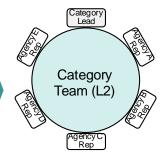
# **Category Managers**

Experts in the category (e.g., IT). They develop the government-wide strategy to drive improved performance and act as change agents for the category.



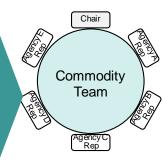
## Level 1 Category Team

Responsible for the development and execution of category strategies for a specific Tier 1 category (e.g., IT)



## Level 2 Category Team

Responsible for the development and execution of category strategies for a specific Tier 2 category (e.g., IT software within the IT category).



#### Commodity Teams

Traditional strategic sourcing working group formed when the category management process identifies the need for a new acquisition solution.



## Category Management GSA PMO

Provides overall program management support to the groups and individuals in the governance structure; facilitates the development and implementation of business rules and processes.





## Common Acquisition Platform (CAP)

Develops and executes the IT strategy to support category management business strategy via the Acquisition Gateway.



## A Key Attribute of Category Management is "Spend Under Management"

SUM is about whether an organization is using prescribed buying channels. The SUM goal is 80% of spend adheres to defined category strategies

SUM CHARACTERISTICS					
Leadership	Do individuals & organizations have clear CM responsibilities?				
Strategy	Are CM practices in place?				
Data	Is analysis conducted and shared?				
Tools	Are tools in place to share info and reduce duplication?				
Metrics	Are metrics defined, tracked, and publicized?				

TIER DEFINITION						
Tier	Defining Metrics / Attributes					
Tier 0	No / limited formal Category Management strategies					
Tier 1	Agency-wide Strategies	<ul> <li>Agency-level category leaders</li> <li>Category analyses complete</li> <li>Agency-level metrics</li> </ul>				
Tier 2	Cross-Agency Collaboration	<ul> <li>Sharing data across agencies</li> <li>Emerging use of Government-wide solutions</li> <li>Cross-agency metrics</li> </ul>				
Tier 3	Adherence to Government- wide Strategies	<ul> <li>Government-wide category managers</li> <li>Consistent use of Government-wide strategies, solutions and tools</li> </ul>				



## Government-Wide Category Structure

#### Common Government Spend Categories 1-10 (total FY 2014 spend \$275B)

#### 1. IT - \$49.9B (Kim Luke, OMB)

- 1.1 IT Software
- 1.2 IT Hardware
- 1.3 IT Consulting
- 1.4 IT Security
- 1.5 IT Outsourcing
- 1.6 Telecommunications

- 2. Professional Services \$61.9B (Tiffany T. Hixson, GSA)
- 2.1 Business Administration Services
- 2.2 Legal Services
- 2.3 Management Advisory Services (Excludes R&D 17.0)
- 2.4 Marketing and Distribution Public Relations and Professional Communications
- 2.5 Services
- 2.6 Real Estate Services
- 2.7 Trade Policy and Services
- 2.8 Technical and Engineering Services (non-IT) (Excludes 1.0)
- 2.9 Financial Services
- 2.10 Social Services

- 3. Security and Protection - \$5.5B (JACLYN SMYTH, DHS)
- 3.1 Security Animals & Related Services
- 3.2 Security Systems
- 3.3 Security Services

- 4. Facilities & Construction - \$75.7B (Mary Ruwwe, GSA)
- 4.1 Construction Related Materials
- 4.2 Construction Related Services
- 4.3 Facility Related Materials 4.4 Facility Related Services
- 4.5 Facilities Purchase & Lease

- 5. Industrial Products and Services -\$10.5B (George Prochaska, GSA)
  - 5.1 Machinery & Components Fire/Rescue/Safety/Environmental Protection
  - 5.2 Equipment
  - 5.3 Hardware & Tools
  - 5.4 Test & Measurement Supplies Industrial Products
  - 5.5 Install/Maintenance/Repair/Rebuild
  - 5.6 Basic Materials
  - 5.7 Oils, Lubricants, and Waxes

#### 6. Office Management - \$1.9B (Greg Hammond, GSA)

- 6.1 Office Management Products
- 6.2 Office Management Services
- 6.3 Furniture

- 7. Transportation and Logistics Services - \$26.8B (Lisa Roberts, DoD)
- 7.1 Package Delivery & Packaging
- 7.2 Logistics Support Services
- 7.3 Logistics Civil Augmentation Program
- 7.4 Transportation of Things
- 7.5 Motor Vehicles (non-combat)
- 7.6 Transportation Equipment
- 7.7 Fuels

#### 8. Travel and Lodging -\$2.7B (Tim Burke, GSA)

- 8.1 Passenger Travel
- 8.2 Lodging
- 8.3 Travel Agent & Misc. Services

#### 9. Human Capital - \$4.1B (ROB BRIEDE, OPM)

- 9.1 Alternative Educational Systems
- 9.2 Educational Facilities
- 9.3 Educational Institutions
- 9.4 Specialized Educational
- Services. 9.5 Vocational Training
- 10.1 Drugs and Pharmaceutical Products

15. Clothing, Textiles &

Subsistence S&E - \$7.5B

(JOHNATHAN WOODSON, DoD

and DAVID SHULKIN, M.D., VA)

10.2 Medical Equipment & Accessories & Supplies

Medical - \$36.0B

10.3 Healthcare Services

15.1Subsistence

Defense-Centric Categories 11-19 (total FY 2014 spend \$153B)

#### 11. Aircraft, Ships/Submarines & Land 12. Combat Vehicles - \$41.6B

- 11.1 Aircraft
- 11.2Land Combat Vehicles
- 11.3 Ships & Submarines
- 11.4 Space

#### Weapons & Ammunition - \$15.1B

- 12.1 Ammunition & Explosives
- 12.2 Fire Control
- 12.3 Guided Missiles
- 12.4 Guns
- 12.5 Nuclear Ordnance
- 12.6 Weapons

#### 13. Electronic & Communication 14. Sustainment S&E -Equipment - \$8.7B

- 13.1 Communication Equipment **Detection & Coherent Radiation**
- 13.2 Equipment
- 13.3 Electrical and Electronics Equipment
- 13.4 Night Vision Equipment

### \$22.7B

- 14.1 Drones
- 14.2 Engines, Components & Spt Ec 15.2 Textiles, Clothing & Equipage
- 14.3 Materials
- 14.4 Supply Parts
- 14.5 Support Ships & Small Craft
- 14.6 Training Aids and Devices

### 19. Electronic Communication

19.1 Equipment Maintenance

Services - \$418M

19.2 Equipment Leases

#### Miscellaneous S&E - \$839M

16.1 Non-Food Items for Resale 16.2 S&E Not Classified Elsewhere

#### 17. Research and Development - \$40.0B

- 17.1 Systems Development
- 17.2 Operational Systems Development
- 17.3 Technology Base
- 17.4 Commercialization
- 17.5 Pre-FY 1998 2-Digit Category

#### 18. Equipment Related Services - \$16.5B

- 18.1 Maintenance, Repair and Overhaul
- 18.2 Equipment Modification
- 18.3 Installation of Equipment 18.4 Quality Control
- 18.5 Technical Representative Services
- 18.6 Purchases and Leases 18.7 Salvage Services

#### Notes:

- Total spend FY 2014 \$428B
- Spend based on FPDS data



# Category Management Product Support Codes

TRANSPORTATION AND	FUELS	9110 (FUELS, SOLID)	35,356,738	37,788,543	33,543,546	33,639,213	34,419,171
LOGISTICS SERVICES	10225	9130 (LIQUID PROPELLANTS AND FUELS, PETROLEUM BASE)	9,800,915,820	17,250,649,243	12,219,588,224	9,146,080,338	6,902,109,313
		9135 (LIQUID PROPELLANT FUELS AND OXIDIZERS, CHEMICÁL BASE)	60,437,897	32,725,565	19,780,929	19,704,023	12,201,351
		9140 (FUEL OILS)	4,044,692,554	3,626,250,522	2,011,240,877	3,003,619,898	1,932,023,280
	LOGISTICS SUPPORT SERVICES	M1 GA (OPERATION OF AMMUNITION STORAGE BUILDINGS) M1 GD (OPERATION OF OPEN STORAGE FACILITIES)		826.685	1,887 339,044	9,425 877,552	551,216
		MIGZ (OPERATION OF OTHER WAREHOUSE BUILDINGS)		63,599,514	71.053.813	104.267.848	132,135,633
		R706 (SUPPORT- MANAGEMENT: LOGISTICS SUPPORT)	12,653,557,632	10,358,846,136	9,234,888,511	5,378,034,652	5,627,313,880
		S215 (HOUSEKEEPING- WAREHOUSING/STORAGE)	181,760,550	192,640,450	185,532,310	177,104,967	199,470,640
		V001 (TRANSPORTATION/TRAVEL/RELOCATION- MOTOR POOL AND PACKING/CRATING:GBL/GTR PROCS)	1,866,949	3,805,305	4,101,439	3,609,537	2,613,142
		V002 (TRANSPORTATION/TRAVEL/RELOCATION-MOTOR POOL AND PACKING/CRATING: MOTOR POOL OPERATIONS) V003 (TRANSPORTATION/TRAVEL/RELOCATION-MOTOR POOL AND PACKING/CRATING: PACKING/CRATING)	59,556,731 63,938,007	60,612,338 177,223,777	55,384,148 24,658,165	51,436,081 21,873,136	31,136,250 22,221,699
		VII9 (TRANSPORTATION/TRAVEL/RELOCATION- TRANSPORTATION: OTHER)	674,855,835	766,625,047	592,801,723	536,784,933	464,250,464
		V301 (TRANSPORTATION/TRAVEL/RELOCATION- RELOCATION: RELOCATION)	217,060,004	112,430,518	111,439,562	104,526,493	72,681,734
		V302 (TRANSPORTATION/TRAVEL/RELOCATION - RELOCATION: TRAVEL AGENT)	30,773,431	23,254,057	23,535,538	20,973,378	22,414,593
	MOTOR VEHICLES	2305 (GROUND EFFECT VEHICLES)	2,685,175,862	707,246,963	467,996,799	365,577,781	382,133,712
		2310 (PASSENGER MOTOR VEHICLES) 2320 (TRUCKS AND TRUCKTRACTORS, WHEELED)	529,177,456 ,711,197,481	1,415,512,221 666,931,924	1,226,414,251 1,188,195,480	1,541,058,199 449,957,404	1,481,905,372 2,235,860,435
		H123 (QUALITY CONTROL- GROUND EFFECT VEHICLES, MOTOR VEHICLES, TRAILERS, AND CYCLES)	-117,520	-1,003,137	164,590	79,196	48,297
		H323 (INSPECTION- GROUND EFFECT VEHICLES, MOTOR VEHICLES, TRAILERS, AND CYCLES)	778,616	1,114,011	1,153,894	1,042,388	965,549
		H923 (OTHER QC/TEST/INSPECT- GROUND EFFECT VEHICLES, MOTOR VEHICLES, TRAILERS, AND CYCLES)	50	112,684	120,880	-15,320	88,450
		J023 (MAINT/REPAIR/REBUILD OF EQUIPMENT- GROUND EFFECT VEHICLES, MOTOR VEHICLES, TRAILERS, AND CLE	2493	233,741,281	133,712,830	133,187,415	156,714,564
		K023 (MODIFICATION OF EQUIPMENT- GROUND EFFECT VEHICLES, MOTOR VEHICLES, TRAILERS, AND CYCLES	4255,963	15,628,907	29.944.954	8,926,368	3,672,847
		LU23 (TECHNICAL REPRESENTATIVE: GROUND EFFECT VEHICLES, MOTOR VEHICLES, TRAILERS (CLES)	89,851,520	9,583,496	12,502,159	2,591,069	51,409,970
		N023 (INSTALLATION OF EQUIPMENT- GROUND EFFECT VEHICLES, MOTOR VEHICLES, TRAJUSE (ES)	4,164,679	985,613	771,168	3,267,744	2,215,612
		W023 (LEASE OR RENTAL OF EQUIPMENT- GROUND EFFECT VEHICLES, MOTOR VEHICLES	98,795,527	96,802,906	79,044,797	58,829,417	88,289,776
	PACKAGE DELIVERY & PACKAGING	8105 (BAGSAND SACKS)	101,039,919	73,175,760	51,024,267	39,404,366	32,716,834
		8110 (DRUMS AND CANS) 8115 (BOXES, CARTONS, AND CRATES)	11,850,850 43,981,090	9,714,235 43,056,360	4,329,245 31,295,848	5,340,504 32,293,989	5,352,282 23,422,273
		8120 (COMMERCIAL AND INDUSTRIAL GAS CYLINDERS)	5,247,440	8,596,785	3,598,535	7,473,630	6,957,359
		8125 (BOTTLES AND JARS)	5,603,208	3,692,530	3,479,355	7,283,352	1,699,181
		8130 (REELS AND SPOOLS)	1,631,470	537,048	558,872	1,558,058	782,859
		8135 (PACKAGING AND PACKING BULK MATERIALS) 8145 (SPECIALIZED SHIPPING AND STORAGE CONTAIN)	54,717,592	56,671,389 133,980,794	51,048,222	52,704,469	55,566,064
		8149 (SPECIALZED SHPPING AND STORAGECONTAIN 8150 (FREIGHT CONTAINERS)	200,547,658	26,710,054	107,230,521 14,063,831	115,742,812 21.022.166	99,404,282 45,136,670
		R602 (SUPPORT- ADMINISTRATIVE: COURIER/MESSI	35,968,161	35,152,725	39,665,523	44,895,892	34,245,253
		R604 (SUPPORT- ADMINISTRATIVE: MAILING/DISTRIB	257,087,887	296,201,705	350,770,556	385,416,506	253,390,774
		R613 (SUPPORT- ADMINISTRATIVE: POST OFFICE)	52,341,163	38,134,169	23,916,029	25,605,382	20,188,301
	TRANSPORTATION EQUIPMENT	W081 (LEASE OR RENTAL OF EQUITY CONTAINERS 46 KING ES) 2210 (LOCOMOTIVES)	13,720,976 12,651,421	9,840,537 22,668,783	3,237,886 15,717,031	1,840,031 4,213,924	10,980,931 5,915,286
TRANSPORTATION EQUIP	TRANSPORTATION EQUIPMENT	2210 (EDC UMOTIVES) 2220 (RAIL CARS)	801,635	1,186,414	4,977,972	4,213,924	3,137,441
		2230 (RIGHT-OF-WAYCONSTRU A FINANCE E ENT, RA	1,199,207	1,420,779	1,070,337	1,410,384	2,058,037
		2240 (LOCOMOTIVE AND RAIL CA CESS COMPC S)	22,736,598	16,536,151	4,238,960	1,101,788	1,328,100
		2250 (TRACK MATERIAL, RAILRO)	3,676,112	7,347,083	972,605	4,186,811	11,975,927
		2330 (TP 2340 MOTOR SCO 3 (C)	188,374,721 39,371,819	127,808,663 33,381,494	60,836,611 12,922,408	86,346,870 20,816,445	64,208,603 28,003,321
		24 CTOR OLL TRACKED, L	8,460,031	5,307,247	8,343,921	7,154,083	26,092,201
		2 RACTORS, WHEELED)	19,181,256	17,160,071	9,299,075	21,161,162	13,349,659
		2 RACTOR CKED, I PEED)	1,444,524	918,340	965,836	1,003,323	917,506
			20,007,598 1,725,470	13,992,386 1,006,770	2,603,245	6,451,042	7,415,833
		3920 (M. APALHANDLIN IPME (YONSELF-PROPELLED)	1,725,470 88,255,233	29,929,525	467,539 35,009,646	1,791,943 6,394,624	443,299 20,629,218
		3930 (WAREHOUSE TRUC D TRACTORS, SELF-PROPELLED)	265,862,429	73,873,193	39,834,807	35,127,475	27,617,372
		3940 (BLOCKS TACKLE GAND SLINGS)	10,893,604	10,514,021	8,159,587	10,221,469	7,447,115
		3950 (WIN 1995) (NES, AND DERRICKS) 3960 (FRE)	38,169,249 11,775,594	76,246,704 9,989,804	36,333,117 7.461.769	39,398,161 11.009.479	43,599,620 10,901,925
		3990 (MISCELLANDUS MATERIALS HANDLING EQUIPMENT)	11,775,594 188,635,129	9,989,804 190,662,074	7,461,769 75,038,368	11,009,479 81,513,587	10,901,925
		W024 (LEASE OR RENTAL OF EQUIPMENT- TRACTORS)	1,686,265	2,763,599	1,662,902	1,083,401	2,300,289
		W025 (LEASE OR RENTAL OF EQUIPMENT- VEHICULAR EQUIPMENT COMPONENTS)	52,981,107	21,213,614	7,169,001	4,372,563	7,591,015
		W028 (LEASE OR RENTAL OF EQUIPMENT- ENGINES, TURBINES, AND COMPONENTS)	77,148	439,359	123,395	199,499	17,761
		W029 (LEASE OR RENTAL OF EQUIPMENT- ENGINE ACCESSORIES) W030 (LEASE OR RENTAL OF EQUIPMENT- MECHANICAL POWER TRANSMISSION EQUIPMENT)	765,853	12,596 4,836,904	37,197 9,509,936	9,585,780	11,009,140
		WOSS (LEASE OR RENTAL OF EQUIPMENT: MATERIALS HANDLING EQUIPMENT)	46,530,638	31,151,844	15,414,798	13,139,882	17,707,305
	TRANSPORTATION OF THINGS	V111 (TRANSPORTATION/TRAVEL/RELOCATION- TRANSPORTATION: AIR FREIGHT)	654,517,239	572,606,766	260,030,011	768,689,251	433,049,686
		V112 (TRANSPORTATION/TRAVEL/RELOCATION-TRANSPORTATION: MOTOR FREIGHT)	607,147,286	160,419,747	131,632,530	123,303,578	72,358,050
		V113 (TRANSPORTATION/TRAVEL/RELOCATION- TRANSPORTATION: RAIL FREIGHT)	5,808,997	4,658,607	3,289,481	77,517	90,653
		V114 (TRANSPORTATION/TRAVEL/RELOCATION- TRANSPORTATION: STEVEDORING) V115 (TRANSPORTATION/TRAVEL/RELOCATION- TRANSPORTATION: VESSEL FREIGHT)	84,651,139 1,447,524,483	126,283,697 2,436,435,938	115,357,598 1,525,702,813	126,338,642 854,304,514	78,653,737 668,953,805
		V121 (TRANSPORTATION/TRAVEL/RELOCATION-TRANSPORTATION: AIR CHARTER)	2,339,527,536	2,347,470,513	810,041,137	547,501,183	566,786,230
		V122 (TRANSPORTATION/TRAVEL/RELOCATION-TRANSPORTATION: MOTOR CHARTER)	7,914,501	4,503,583	4,730,330	5,776,227	6,347,868
		V123 (TRANSPORTATION/TRAVEL/RELOCATION - TRANSPORTATION: RAIL CHARTER)	192,576	1,199,492	696,940	1,465,629	2,182,344
		V124 (TRANSPORTATION/TRAVEL/RELOCATION-TRANSPORTATION: MARINE CHARTER) V125 (TRANSPORTATION/TRAVEL/RELOCATION-TRANSPORTATION: VESSEL TOWING)	1,110,135,628 10,425,209	1,086,995,600 3,090,284	1,210,820,274 5,785,778	1,087,949,708 7,774,790	951,322,980 10,694,320
		V126 (TRANSPORTATION/TRAVEL/RELOCATION-TRANSPORTATION: SPACE TRANSPORTATION/LAUNCH)	354,313,357	114,371,975	1,396,573,665	2,491,808,091	1,834,679,302
		V127 (TRANSPORTATION/TRAVEL/RELOCATION - TRANSPORTATION: SECURITY VEHICLE)	88,044,994	166,282,173	100,157,393	-23,834,175	21,188,311
		V129 (TRANSPORTATION/TRAVEL/RELOCATION-TRANSPORTATION: OTHER)	11,456,855	27,405,121	26,835,294	21,028,754	23,344,536



# Category Management Transportation and Logistics Services

- Category total spend: \$26.8B (Based on Federal Procurement Data System)
- Category Subcategories and Estimated Spend:
  - Packaging Delivery & and Packaging \$729m
  - Logistics Support Services \$6,325m
  - Transportation of Things \$5,989m
  - Motor Vehicles (non-combat) \$2,548m
  - Transportation Equipment \$630m
  - Fuels \$11,147m
- Year One Focus = Consolidate Package Delivery Services
  - DoD's Total Delivery Services (TDS) contract
  - GSA's Domestic Delivery Services (DDS) contract



## What This Means to You

- CM is an OMB initiative that impacts all Federal agencies
- Increasing "spend under management" delivers value and efficiencies across the Federal enterprise
- Aggregating demand will simplify doing business across the Federal enterprise
- CM will facilitate better buying power
- Customer and Industry involvement is critical for success

## Category Management