



# O|C|P|O

**Office of the Chief Procurement Officer**  
Strategic Programs Division  
Strategic Sourcing Program Office



## Category Management

ANNUAL REPORT

20  
19



*“My office is dedicated to enabling the DHS mission. As you’ll see in this report, the SSPO team collaborates each day across DHS and other federal government agencies to streamline our processes and develop strategies that result in total cost of ownership reductions, improved products and services, and enhanced business relationships. The team’s efforts have led the DHS procurement organizations to be recognized as government-wide leaders in the implementation of category management. I am proud of our achievements and look forward to what we can and will accomplish in the future!”*

— **Soraya Correa**, DHS Chief Procurement Officer



# Message from the Strategic Programs Division Executive Director

## **JACLYN RUBINO**

Under the leadership of our Chief Procurement Officer, Soraya Correa, Fiscal Year (FY) 2019 was a pivotal year for the Strategic Sourcing Program Office (SSPO) as we worked to institutionalize category management across the Department. In March 2019, the Office of Management and Budget (OMB) issued the Category Management Memorandum (known as M-19-13), which identified key actions for agencies to undertake, including the achievement of Spend Under Management (SUM) and Best-in-Class (BIC) contract utilization goals.

Thanks to the support of our team of Category Managers, Heads of Contracting Activities (HCAs), and our collaborating partners across the Department, I am pleased to report that the Department of Homeland Security (DHS) has already implemented the required actions, and we ended the FY by exceeding our category management SUM and BIC goals set forth by the OMB. I am also happy to report that since SSPO's inception in 2003, we have eclipsed savings of over \$5.2 billion through the use of strategic sourcing and BIC contract vehicles!

These successes demonstrate our commitment to the Chief Procurement Officer's priorities, especially to "Enhance Mission Capabilities" by working together to promote and implement acquisition efficiencies, innovation, and best practices that deliver value and improve mission outcomes.

Please take a moment to review all the efforts and resulting outcomes that have been achieved—making DHS a recognized leader in the implementation of category management and strategic sourcing across the federal government for the past 16 years!

A handwritten signature in blue ink that reads "Jaclyn Rubino". The signature is fluid and cursive, written in a professional style.



# DHS is a Government-Wide Leader in Category Management

Among the agencies that comprise the Category Management Leadership Council, DHS ranked 1st and 2nd for surpassing BIC and SUM goals set by the OMB. Council members are the seven agencies representing the majority of federal procurement spending: DHS, DOD, DOE, GSA, HHS, NASA, VA; and, the SBA.

BIC

**7<sup>th</sup>**  
FY 2018



**1<sup>st</sup>**  
FY 2019

Based on the calculated percentage to goal achievement, DHS significantly improved its ranking among the other members of the Category Management Leadership Council. These accomplishments are attributed to several key actions DHS took to improve our category management posture:

SUM

**4<sup>th</sup>**  
FY 2018



**2<sup>nd</sup>**  
FY 2019



Negotiated and received Tier 2 credit (versus Tier 0) for DHS's Federal Protective Service's Guard Services contracts



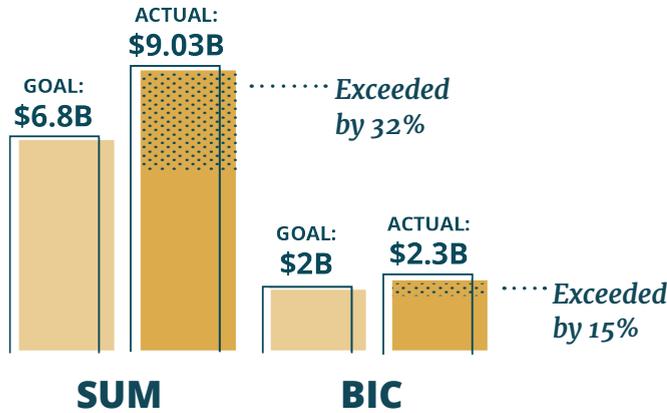
Developed an OMB-approved small business strategy that earned DHS over \$600M in Tier 1-small business SUM credit



Educated the workforce on increasing our use of contract solutions that meet SUM and BIC criteria

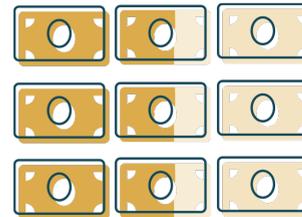
## FY 2019 Highlights

Purchasing through strategic sourcing and BIC contract vehicles for common goods and services saved millions of dollars in FY 2019 that can be reallocated to further advance the missions of DHS.



# \$8.9B

spent on goods and services that are available through **strategic sourcing and BIC contract vehicles**



or **\$5.4B** spent through **strategic sourcing and BIC contract vehicles**  
**60%**



## \$601M saved

On average **11%** of every dollar spent through strategic sourcing was saved

### Savings can be used to further advance mission-specific needs:



Counterterrorism



Border Security



Prosperity and Economic Security



Cybersecurity and Infrastructure



Preparedness and Resilience



Strengthen the Workforce

## Use of Strategic Sourcing and BIC Contract Vehicles Supported by Category Management Principles Helps to Generate Increased Savings Year Over Year (YOY)

For the past several years, an increased growth in the use of the DHS strategic sourcing portfolio of contract vehicles has yielded even greater YOY savings. These results are due to:



**SSPO's maturity and strong foundation in strategic sourcing:** Enables swift implementation of category management principles throughout the Department



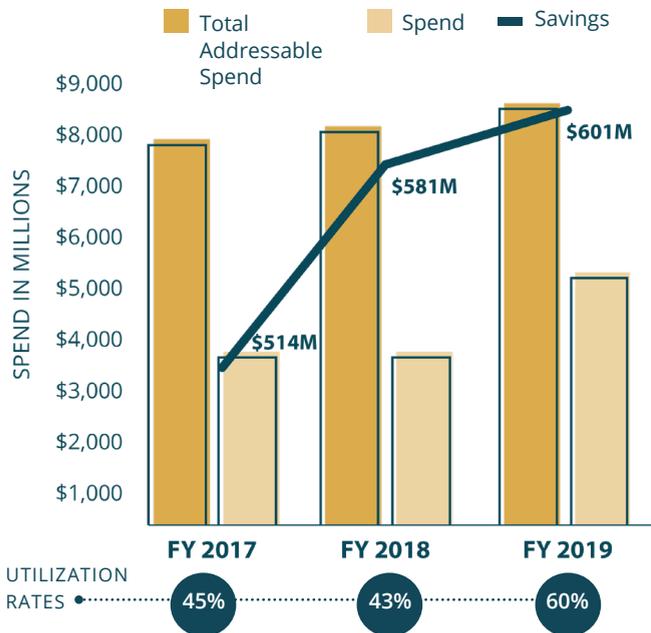
**Significant outreach and training efforts:** Educates the workforce on the importance of category management and promotes the available strategic sourcing vehicles (SSVs) and adopted BICs, which has led to a 17% increase in utilization between FY 2018 and FY 2019



**Adoption of BIC contract vehicles into the DHS portfolio:** Provides the procurement workforce with expanded contract solution options to meet their needs, which has resulted in a 51% decrease in waiver requests between FY 2018 and FY 2019



**Ongoing collaboration with the HCAs:** Increases awareness of Component progress toward achieving category management goals and drives informed decision-making



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*“In addition to a streamlined process, utilizing an SSV over open market or a GSA MAC [multi-agency contract] assures that vendors have been screened to be responsible and meet various evaluation criteria.”*

— Fang-Ting Manson, Contracting Officer, U.S. Customs and Border Patrol

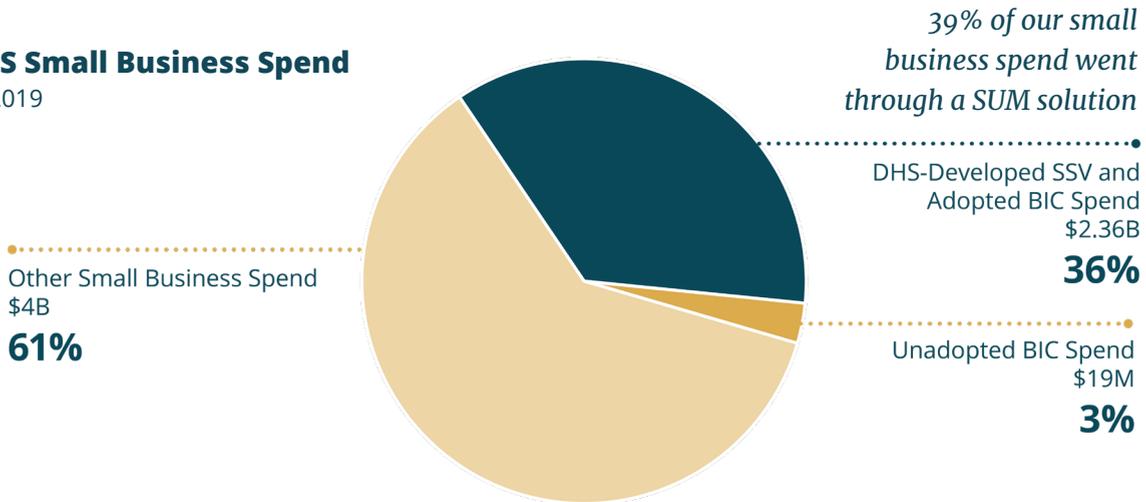
## Once again, DHS leads the way...

DHS is the first government agency to establish a strategy, per M-19-13, which details a balanced approach to achieving both category management and small business goals. SSPO partnered with its sister organization, the DHS Office of Small and Disadvantaged Business Utilization, to develop this agency-wide small business strategy, which was submitted to and approved by the OMB in FY 2019. As a result, DHS received credit for \$600 million in SUM for local, small business contract efforts and is recognized by the OMB as a model for other government agencies.

Our SSVs provide access to proven small businesses that allows the Department to meet its socioeconomic goals. Small businesses are important to the DHS mission, as they enable the Department to receive innovative, flexible, and agile expertise to quickly fulfill unique mission requirements.

### DHS Small Business Spend

FY 2019



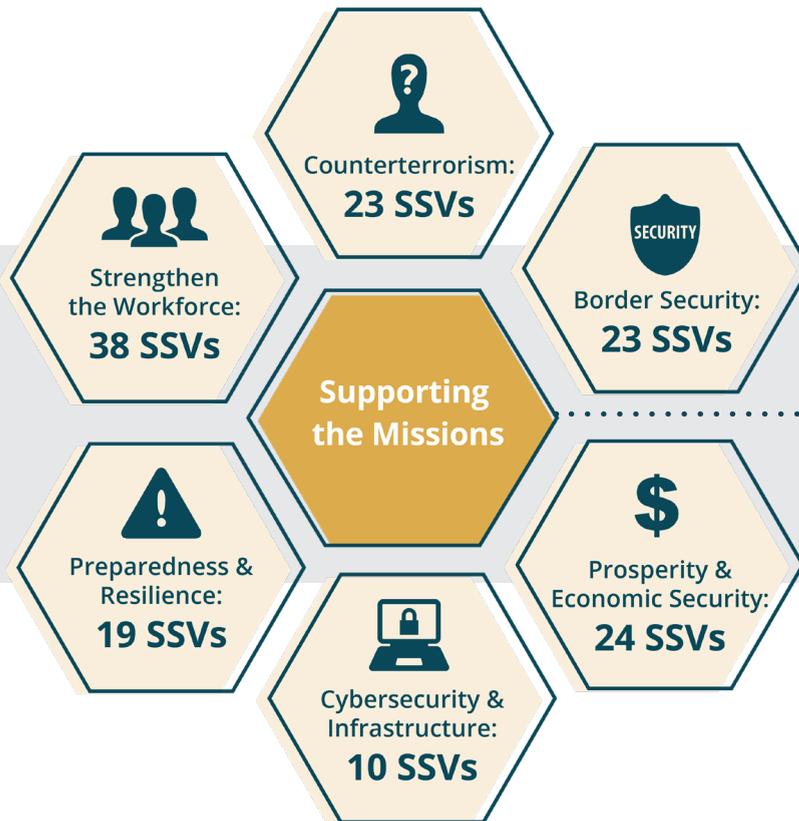
*“DHS’s model should be strongly considered for its support of small business, for not limiting competition and still getting better prices.”*

— **Jason Miller**, Federal News Network, “How DHS got strategic sourcing right,” June 12, 2017



# DHS Strategic Sourcing Portfolio Meets Mission Needs

The current DHS Strategic Sourcing Portfolio includes 73 DHS-developed and adopted contract vehicles to best serve Components in meeting the DHS missions. Of the 73 vehicles, 22 were added to the portfolio in FY 2019: 1 DHS-developed and managed government-wide BIC; 7 DHS-adopted government-wide BICs; and 14 DHS-developed contract vehicles to support DHS-specific requirements.



The DHS portfolio includes SSVs that support each of the six DHS missions, with some SSVs serving multiple mission areas.

*“The culmination of this good work enabled us to obtain these new handguns millions of dollars under budget and months ahead of schedule.”*

— **James M. Murray**, Director, U.S. Secret Service, in a message to the workforce regarding the Secret Service’s transition to the 9mm handgun

### ▼ CASE STUDY: 9mm Handgun SSV

DHS is required to provide solutions that simultaneously meet the needs of multiple agencies. The 9mm Handgun SSV met requirements from multiple agencies and provided reliable and rigorously tested firearms to the field.



#### SITUATION

Our DHS agents and officers are required to carry a firearm as part of their assigned duties. These guns can be costly and must meet stringent DHS requirements.



#### CONSIDERATIONS

Firearms must be obtained in a timely fashion without compromising quality. Components also waste time and resources maintaining different calibers of handguns.



#### IMPACT

Upon award, this SSV immediately met the needs of the Secret Service by enabling their workforce to transition to the 9mm Glock handgun, and will provide an estimated average savings rate of 57%. Moreover, it enables the Secret Service to turn over its entire fleet of handguns with competitive pricing and fast delivery, and without having to maintain multiple calibers of handguns.

*“The cooperation and partnership between CBP [Customs and Border Protection] and the Secret Service exemplifies success on many levels and demonstrates the power of inter- and intra-agency teamwork.”*

— **John T. Pessia**, Assistant to the Special Agent in Charge, U.S. Secret Service, on collaborative efforts to award the 9mm Handgun contract



# Component Needs Drive Creation of Smart Solutions

OCPO's SSPO team members collaborate across DHS to implement category management solutions to ensure Components are set up for success.

## ▼ CASE STUDY: EAGLE Next Gen



Rather than establish a DHS omnibus contract vehicle to replace an expiring information technology (IT) services contract vehicle, DHS adopted five BIC Governmentwide Acquisition Contracts (GWACs). This portfolio of contract vehicles, EAGLE Next Gen, offers DHS access to flexible, competitive, and proven IT solutions to help fulfill critical mission needs.

*“Homeland Security’s move aligns with the administration’s call to use existing contract vehicles whenever possible, as well as the Department’s goal to ‘re-conceptualize its IT delivery model.’”*

— **Aaron Boyd**, Nextgov, “DHS Turns to Existing GSA, NIH Contracts to (Mostly) Replace EAGLE,” Dec. 20, 2018

## ▼ CASE STUDY: Nitrile Glove SSV



This SSV supports both the operational needs (such as baggage and passenger screening) and pandemic needs (such as H1N1, avian influenza, and pandemic influenza preparedness) of all Components. It offers pre-negotiated prices and a much greater level of protection.

*“TSA’s partnership with the DHS Strategic Sourcing Program Office enabled us to provide consistency of high-quality products throughout DHS. All DHS Components are able to quickly acquire gloves that are tested and approved to provide a much greater level of protection for the workforce against emerging, potentially lethal, threats.”*

— **Ingrid Pascall**, Supervisory Contract Specialist/  
Branch Manager, Transportation Security Administration (TSA)

## ▼ CASE STUDY: Emergency Fuel Indefinite Delivery/Indefinite Quantity (IDIQ)



As a lesson learned from hurricanes Harvey, Irma, and Maria, DHS implemented this SSV to ensure that DHS did not compete against other agencies with emergency fuel requirements. DHS is now adequately prepared to immediately access a sustainable source of fuel supply and services in the event of future federal emergencies and major disasters.

One month after the award of the SSV, Hurricane Dorian made landfall, and this SSV delivered value quickly. CBP received fuel resources within 24 hours of placing the order, enabling rescue efforts to continue uninterrupted. This SSV will continue to allow DHS to maintain a continuous state of readiness.

*“Dorian was the most dynamic storm track event in recent memory. Leveraging the DHS [Emergency Fuel] contract enabled us to have sustained flexibility and supply assurance for U.S. Coast Guard search and rescue operators.”*

— **Sam Alvord**, Chief, Office of Energy Management, U.S. Coast Guard (USCG)

## ▼ CASE STUDY: Body Armor III

This best-in-class vehicle leverages the knowledge of DHS’s experts and the buying power of the federal government to deliver value and eliminate inefficient purchasing.

### SITUATION



People who safeguard the nation need high-quality life-saving apparel. However, body armor is expensive and has a short warranty, which means it must be continually replaced.

### CONSIDERATIONS



Components need the ability to tailor armor orders to fit operational needs while also addressing the high costs of equipment turnover.

### IMPACT



DHS’s negotiations delivered an SSV that now offers a 40% longer warranty period, 7-year fixed prices (which cost 36–46% less than GSA Schedule prices), and the ability to customize orders.



# Category Management Extends Beyond Contract Vehicles

DHS shares data across the government to inform buying decisions and improve the quality of products and services. By implementing robust demand management strategies, DHS drives consumption behavior and reduces inefficient purchasing.

## ▼ CASE STUDY: Standard Qualification Targets (SQTs)

All DHS Components now have a standard fire-arms qualification target instead of 30 different ones, after Components worked through the Weapons and Ammunition Commodity Council and the Chief Readiness Support Office to agree on a target that meets all requirements.



Bulk purchasing provides substantial savings in terms of printing cost



Provides significant cost avoidance by enabling cross-Component training and qualification



Offers a single point for ordering that complies with federal printing policies

## ▼ CASE STUDY: Leveraging TSA's Expertise Across the Federal Government

Federal buyers no longer need to start from scratch in testing detection systems. The Air Cargo Screening Technology List (ACSTL) identifies qualified technologies tested through a TSA-sponsored process.

### ..... SITUATION .....



Agencies need to ensure equipment meets mission-critical requirements.

### ..... CONSIDERATIONS .....



DHS Components and federal agencies spend time and resources testing detection equipment.

### ..... IMPACT .....

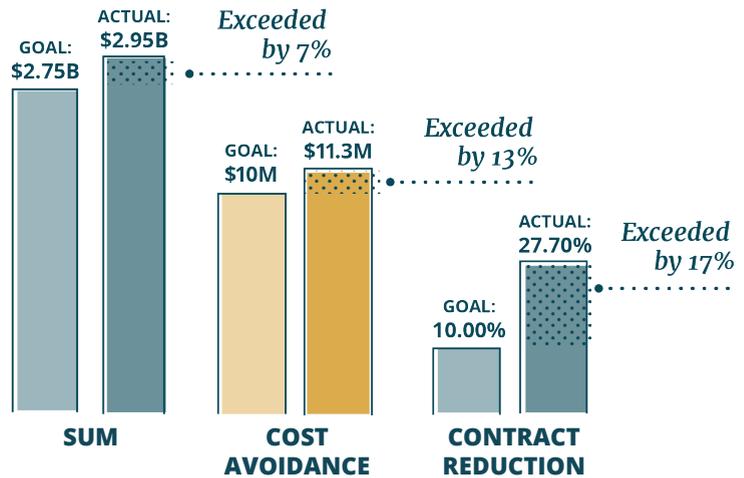


Agencies have a proven list of qualified detection equipment data that can be leveraged to save significant time and money by capitalizing on TSA's expertise, including access to detailed laboratory test results and performance data.

## DHS Leads Government-Wide Security & Protection Category

In 2016, DHS OCPO was designated by the OMB to serve as the government-wide Security & Protection (S&P) Category Manager. In this role, DHS is responsible for leading and directing a cross-agency team to streamline all activities and generate efficiencies within the S&P category across the entire government.

The team has achieved almost \$3 billion in SUM and over \$11.3 million across the federal government in cost avoidance.



### FY 2019 HIGHLIGHTS



Received BIC designation for DHS-developed and owned Tactical Communications Equipment and Services II (TacCom II)



Received BIC redesignation of DHS-developed and owned Body Armor III and Reduced Hazard Training Ammunition



Established a Working Dog sub-category government-wide team, led by the Air Force, as part of the S&P's Center of Excellence Initiative



Federal agencies require tactical communication equipment and services, but obtaining interoperable and cutting-edge equipment can be difficult. In partnership with other agencies, DHS developed TacCom II, a BIC solution, to streamline access to equipment and services, for approximately 20% less than commercial prices.



Working dogs are used by many government agencies to advance law enforcement missions. However, competition nationally and internationally makes the dogs costly and hard to obtain. This community of practice allows the government to become more self-sufficient by reducing dependencies on foreign markets, eliminating risks in the supply chain, and providing an end-to-end program with sound demand management strategies.



# Category Management at Work

*Educating the Workforce*



*Managing Supplier Relationships*



*Promoting DHS-developed BICs*



## **Thank You to Our HCAs**

The implementation and contract management of our SSVs is made possible through the hard work of our DHS HCAs who serve as Executive Agents. For FY 2019, we thank: CBP, ICE, OPO, OSA, TSA, and USCG.

*Understanding Mission Requirements*



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*“DHS is a leader in the government’s implementation of category management, a key Presidential management priority and an important initiative in delivering value to the American taxpayer. We applaud DHS’s leadership in and commitment to category management.”*

**Lesley Field**, Deputy Administrator, Office of Federal Procurement Policy

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**Homeland  
Security**