

Creating the Government Acquisition Marketplace: Insights from Tom Sharpe, Commissioner, Federal Acquisition Service, U.S. General Services Administration

By Michael J. Keegan




Today, every federal agency operates in an environment in which budgets are tightening and the demand for services is increasing. In these circumstances, agencies need to be more effective and more efficient

with the resources they have.

With more than \$50 billion in business volume, the U.S. General Services Administration (GSA), which has the ability to leverage the scope and scale of the federal government, is working to help agencies buy smarter, reduce their real estate footprint, and develop and deploy technology more efficiently.

In doing this, the Federal Acquisition Service (FAS) works to provide that support and assist agencies in saving time and money by providing smarter purchasing platforms. What are the strategic priorities for GSA's Federal Acquisition Service? What is category management and how does it benefit federal acquisition? How is FAS leveraging the government's buying power and saving taxpayer dollars? Tom Sharpe, commissioner, Federal Acquisition Service, U.S. General Services Administration, shares his insights on these topics and more. The following is an edited excerpt of our discussion on *The Business of Government Hour*.

What is the mission of the U.S. General Services Administration's Federal Acquisition Service and how is it organized?

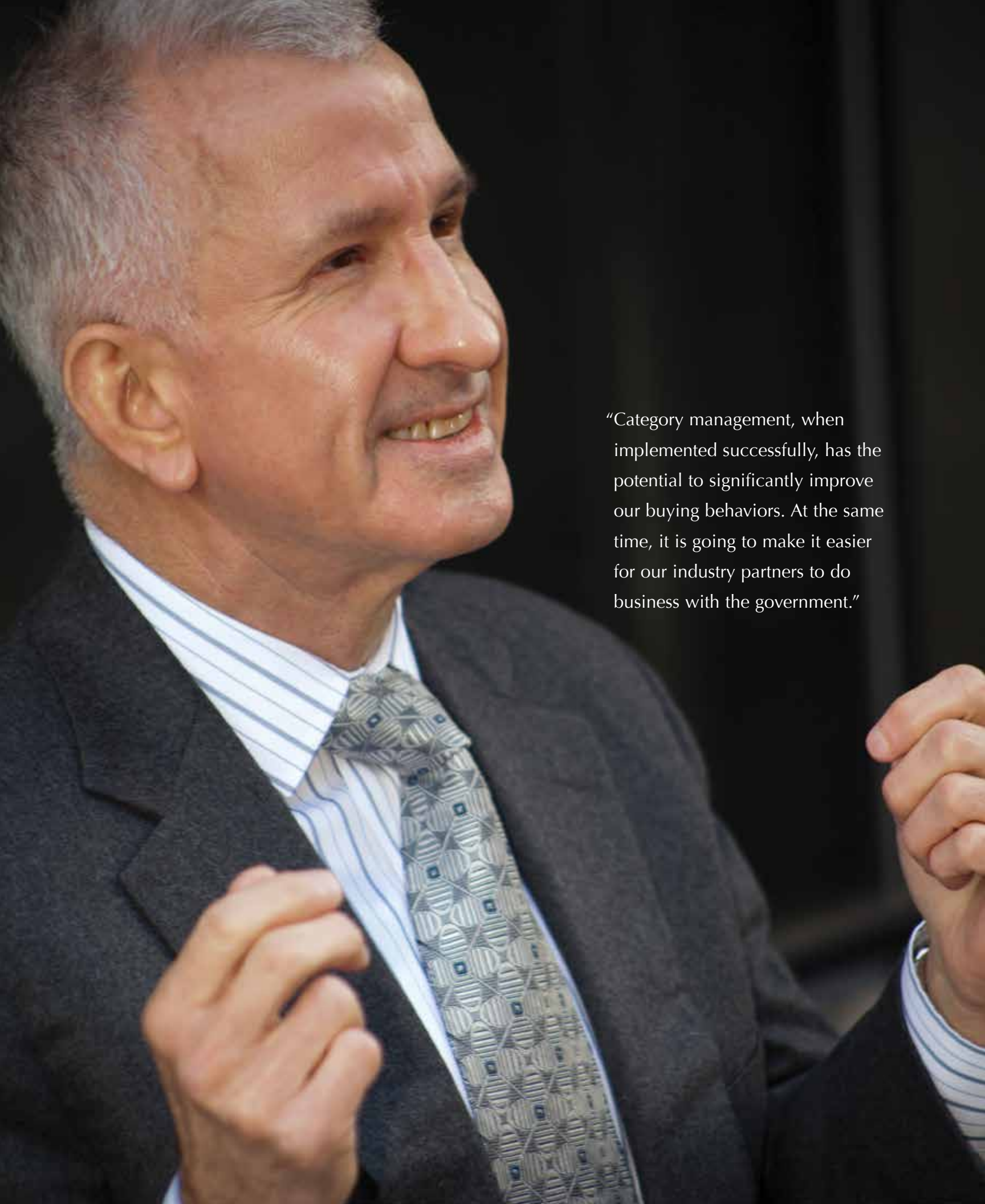
 **Tom Sharpe:** GSA does primarily two things. It's the federal government's landlord and centralized buyer. We're the only civilian agency in the federal government whose

mission is in fact acquisition. Historically, we were split into two services: the Federal Supply Service and the Federal Technology Service. We merged these two groups in 2007 to form FAS. Most people know FAS for its multiple award schedules and fleet operations. We provide more than these services that encompass travel solutions, card services, assisted acquisitions, IT products and services, transportation, and more. The FAS mission has always been to use its acquisitions expertise to leverage the buying power of the federal government and thus, ensure its ability to support and provide efficient and effective procurement services to government agencies.

In fact, we provide more than \$50 billion in products and services to government agencies. We are able to do this with approximately 3,000 employees across the country and a handful who are deployed overseas. At an enterprise level, GSA operates through a central office and 11 regional offices.

FAS is organized into four major portfolios, each with multiple business lines. Those portfolios are: the Office of General Supplies and Services; the Office of Travel, Motor Vehicle, and Card Services; the Office of Integrated Technology Services; and the Office of Assisted Acquisition Services, better known as AAS in Federal Systems Integration and Management Center (FEDSIM). We also have three departments that we call integrator offices, which support the portfolios:

- The Office of Strategy Management, which manages new initiatives and creates some product management offices to support projects such as the Federal Strategic Sourcing Initiative;



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- The Office of Customer Accounts and Research, which represents primarily the voice of the customer and provides outreach to the customer; and
- The Office of Acquisition Management, which focuses on industry engagement, training, and workforce development.

Would you identify the top challenges that you face and how you are addressing them?



Tom Sharpe: My sole responsibility and duty is to make FAS into an organization that is very focused on providing our customer agencies with what they need to fulfill their unique missions and make the best buying decisions they can on behalf of the American people.

My top challenges are those we are seeing across government when it comes to acquisition. We're very much at an inflection point in federal acquisition and are facing significant challenges. There is significant *contract duplication* across government. Last year, the federal government had procurement obligations of slightly more than 400 billion dollars across 500 different departments and agencies. Such numbers illustrate a very fragmented approach to contracting that leads to wasted dollars and resources.

We struggle with *resource allocation* across government. We often hear that the federal government doesn't have enough acquisition or procurement officials—generally referred to as the job series 1102. This statement should be followed by the question: "not enough to do what?" I don't think duplication is in the taxpayers' interests. Moreover, we *lack government-wide data*, at least at the level and the depth that I think is necessary. For instance, there is no access to prices paid and best practices in one place that every member of the acquisition workforce can readily access. We need to develop and share this information. I think we need a sea change in government acquisition. We should adopt the idea of acting as one in federal procurement, with FAS supporting agencies so that they can focus on their unique missions, rather than duplicating contract and procurement efforts, so that we can better support the taxpayer.

FAS leverages the buying power of the federal government by negotiating prices on many products and services required by federal agencies for daily operations. Would you outline your strategic vision for FAS and your key priorities?



Tom Sharpe: When I came into FAS, I spent time meeting with folks, listening, and learning. From this effort, I launched a new vision for FAS as the government acquisition marketplace. It seeks to transform FAS from an agency that is

focused on providing contracts, into a transparent, neutral home for acquisition and category expertise. We will provide agencies across government with the tools and expertise they need to make the right buying decisions. My vision for FAS is focused on three critical elements: 1) *unbiased advice* (i.e., FAS will get you the best value no matter where it comes from; 2) *better contracts* (i.e., FAS will offer easy access to prepositioned, customer-focused, best in class contracts that meet agencies' requirements); and, 3) *spectrum of services* (i.e., FAS will provide acquisition services to fit every level of need, from agencies that want to do it all themselves to agencies that need it all done for them.)

To realize this vision, we are pursuing four initiatives. We're embracing a concept called category management that is widely used in the commercial world. This involves developing high-level expertise within FAS around major categories of expenditures (e.g., IT, office supplies, professional services), in order to better manage supplier relationships, demand, proliferation of duplicative contracts, and development of requirements. We've taken the product service codes, which is the way the federal government tracks its procurements and we have mapped them into 17 categories of spending.

The next initiative centers on establishing a Common Acquisition Platform (CAP), which is a common online location that offers acquisition professionals across government the tools and expertise they need to make the right buying decisions. As part of this initiative, we've launched category hallways, which contains expert advice, data, prices paid, existing contracts, best practices, decision support (TurboFAR), and communities of practice. The third initiative we are pursuing involves revitalizing our business models in response to changing customer and market needs (e.g., NS2020, Multiple Schedule Award program, Total Workplace, and supply chain transformation). Finally, we are also working to customize support services and resources to serve our customers more effectively.

To get the benefits of one, we must act as one. Would you tell us more about your efforts to implement category management and the five key areas it will focus on? What lessons learned did the category management effort take from the Federal Strategic Sourcing Initiative?



Tom Sharpe: Category management means taking a common sense approach to managing how the government spends money. The Federal Strategic Sourcing Initiative (FSSI) is only one way we practice category management. The primary goals of FSSI are to: 1) strategically manage sourcing



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and demand across federal agencies; 2) increase total cost savings, value, and socioeconomic participation; 3) collaborate with suppliers and industry to develop optimal solutions; 4) share best practices and create a community of practice.

Mature category management seeks to do the same on a larger scale. Category Management focuses on five key areas:

- Optimizing contract vehicles and managing the landscape
- Managing data collection and analysis
- Maximizing customer relationships
- Leveraging supplier relationships
- Growing and sharing expertise

Both FSSI and category management provide buyers, at both a granular and enterprise level, with intelligence, expertise and deep-dive market analysis to address and improve:

- Supply chain management
- Pricing variances
- Delivery of innovation from industry
- Redundancies and unnecessary duplication of efforts

Category management, when implemented successfully, has the potential to significantly improve our buying behaviors. At the same time, it is going to make it easier for our industry partners to do business with the government. As we saw through recent FSSI and One Acquisition Solution for Integrated Services (OASIS) initiatives, success is dependent on early and constant industry engagement. Going forward, the mechanism that will support this constant engagement will be category managers and category executives. These individuals will be specialists in their product or service categories. They may or may not come from GSA. They will be highly visible and ingrained in their category's industry community. They will be thought leaders and bridge builders ... Regardless of where they come from ... they will be charged with providing a valuable, knowledgeable, interface between industry and government agencies. They will have the relationships and the necessary expertise to ensure

that everyone is on the same page regarding what is needed and what is possible. When we all have access to shared knowledge, and both sides truly understand the needs of the government and what is possible from industry, we can create a process that truly benefits everyone.

If we want the federal government to buy smarter, GSA recognizes that its digital delivery services need to be the very best. To that end, would you elaborate on your efforts to establish a Common Acquisition Platform (CAP)?



Tom Sharpe: The common acquisition platform supports this concept of category management. In fact, CAP is the IT strategy and platform that allow us to deliver the benefits, intelligence, expertise, and lessons learned. It is not enough to gather, curate, and collect expertise by category. Acquisition and contracting professionals need access to this category expertise and guidance to help them navigate:

- the complexities of government requirements;
- a rapidly changing market, and
- the multiple contract vehicles that are available to them.

We also know that acquisition and contracting professionals need to connect with a community of best practice and they need the very best digital services to help them make smart, data-driven purchasing decisions. It is time for the government to act as one. We need to do this in order for us to be smarter buyers on behalf of taxpayers, as well as to make it easier for industry to do business with us and, to get to our collective goal of achieving better outcomes for the government. We want to see all of the buying behavior in one place and nudge it toward getting us better answers tomorrow than we have today. We'll do this through the CAP Category Hallways. This will drive better results for taxpayers by sharing expertise, contracts, data, and tools ... CAP will guide data-driven procurement actions by providing data transparency, access to existing contract solutions from across government, trend and market analysis, prices-paid information, and decision-support tools, which will enable smart spending and improved requirements leading to better outcomes.

The acquisition gateway and the category hallways are the *first* visible elements of CAP. CAP will eventually be more than the hallways ... CAP is a comprehensive strategy to transform acquisition workflow and dataflow in government. It starts with the Hallways and is supported by analytics as a service to move us toward a TurboFAR. All will be supported by shared acquisition services like a common catalog (FedMall) and contract writing systems.

Many of GSA's business models date back decades. Would you tell us more about your efforts to revitalize GSA business models by making them more responsive to changing customer needs and the realities of a dynamic market? For example, what specifically are you doing to modernize the Multiple Award Schedules (MAS) program?



Tom Sharpe: Let's talk about MAS. It has been around for about six decades. We did more than \$38 billion of worth of business through it. We are making changes to this program in response to customer needs and industry concerns. We must reduce price variability. A large part of CAP's value proposition is providing transparency: transparency of contract solutions at the macro level as well as in terms and conditions, contract-level pricing, and prices paid at the order level. Price comparisons at the contract and order level can be simplified through the standardization of part numbers and skill descriptions. In July 2014, we sent a letter to all MAS contractors with product special item numbers (SINs), requesting the use of standard manufacturer or wholesaler part numbers. This will allow FAS to reduce pricing variability at the contract level and is the first step in enabling our customers to make better price comparisons at the order level. The standardization of labor categories poses a much greater challenge. We're going to begin our work with industry to figure out what makes sense.

FAS customers are continually asking for transactional data, including prices-paid data, to help them make informed buying decisions. If FAS can continuously feed transactional data into the purchasing process, customers will have current, quality pricing data at their fingertips when they are ready to make purchases. Right now, GSA is thinking through how to provide this data to customers while reducing the burden on industry. Let me emphasize this: transparency into prices paid is paramount to the future success of CAP and category management. It is absolutely necessary in order to drive down costs and duplication in federal procurement. We are moving forward on our prices-paid initiatives and starting to work with agencies on getting this data.

Another big issue we are tackling includes other direct costs (ODCs) and implementing other flexibilities for MAS. We recognize that both of these flexibilities are in high demand by our industry partners *and* our customers. We are addressing this by seeking FAR and GSAR rules that will enable ODCs to be included in MAS contracts. In parallel, we stood up a working group to explore a consolidated professional services solution schedule. Early work on this initiative has included internal planning and gathering feedback from several federal agency customers and industry partners. The idea of having one professional services schedule has been well received. We're moving forward with a goal to stand up the Professional Services Schedule (PSS) no later than April 1, 2015.

Competition, they say, fuels savings. How is GSA using reverse auctions to realize savings and drive competition? Perhaps you could give us a year in review thus far and note if there are any plans to expand the use of reverse auctions?



Tom Sharpe: GSA Reverse Auctions is a great success story. We are seeing savings in price, cost, and time for agencies that are using the GSA's Reverse Auction Platform. When compared to independent "Government Estimates" (IGE), reverse auction users save about 7 percent. Commercially provided reverse auction service fees range about one percent to three percent. There is no additional cost/charge for using the platform against GSA Schedule products. We think reverse auction saves buyers about 8 hours per action. Processing times are reduced on lowest price, technically acceptable auctions because bids can be posted for fewer than 30 days, provided multiple bids are received, and only the low bidder needs to be evaluated for technical acceptability. More than \$33 million in auctions were created in FY14. GSA is also signing strategic agreements with multiple agencies to further increase utilization. We are expanding beyond GSA contracts.

Major shifts are impacting business and society. They include greater interconnectedness, information proliferation, increased demand for transparency, and heightened customer and employee expectations. How are these factors impacting your organization?



Tom Sharpe: Information proliferation, transparency, heightened customer expectations, and community represent the very things that are driving the new FAS vision. Right now, there are 61,000 people doing acquisitions on behalf of federal agencies and many of them are working in a bubble,

without knowledge of what their counterparts across the government are doing. These inefficiencies drive up acquisition lead times and operating costs, needlessly wasting precious resources. They also make it increasingly difficult for any of us, in industry and government alike, to effectively carry out our various missions. This is happening because we *don't* have a firm grasp on what is happening government-wide. FAS has developed a collective plan to be more efficient and effective in the future through:

- Transforming our business models to respond to market needs
- Establishing connections with each other in government and with industry through category management
- Inserting decision making tools and data-capture mechanisms in CAP and the hallways
- Making it easier for the workforce to do great things by easing technical and resource burdens.

Category management, when implemented successfully, has the potential to deliver on those issues of transparency and connectedness ... while significantly improving our buying behaviors ... and fixing a lot of what government needs to fix with respect to those issues. ■

To learn more about GSA's Federal Acquisition Service, go to www.gsa.gov/portal/category/21305



To hear *The Business of Government Hour's* interview with Tom Sharpe, go to the Center's website at www.businessofgovernment.org.



To download the show as a podcast on your computer or MP3 player, from the Center's website at www.businessofgovernment.org, right click on an audio segment, select Save Target As, and save the file.



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