



05/20/2020

**USAID PROCUREMENT EXECUTIVE  
PROCUREMENT EXECUTIVE'S BULLETIN NO. 2020-01**

**SUBJECT: Category Management: Best In Class, Spend Under Management, and Agency Mandatory Solutions**

**1. Scope:** This Bulletin applies to all members of USAID's acquisition workforce, including Contracting Officers (COs), Contracting Officer's Representatives (CORs), and Activity Planners.

**2. Purpose:** The purpose of this PEB is to provide guidance related to the Office of Management and Budget's Category Management initiative, including the consideration and use of Best In Class solutions, Spend Under Management solutions, and Agency Mandatory solutions for contracts.

**3. Background:**

Since 2005, the Office of Management and Budget (OMB) has worked with agencies to implement a framework to optimize performance, minimize price, increase the achievement of socio-economic goals and generally deliver better value to the American taxpayer for the money spent on these goods and services<sup>1</sup>.

This framework began with strategic sourcing initiatives and has continued into today's Government-wide adoption of Category Management (CM). Category Management is an approach to managing commonly purchased goods and services. In 2014, OMB identified CM as the new model for purchasing common areas of spend for the Federal Government<sup>2</sup>. In 2017, OMB again reinforced the principles of CM by encouraging agencies to leverage, to the maximum extent possible, existing solutions for common requirements in order to save money, avoid contract duplication, and allow acquisition staff to focus on mission critical work<sup>3</sup>.

In 2019, OMB issued a more comprehensive and directive memo on CM: OMB Memorandum M-19-13<sup>4</sup>. This memorandum supersedes and rescinds the Office of Federal Procurement Policy

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<sup>1</sup> OMB Memorandum, Implementing Strategic Sourcing [https://georgewbush-whitehouse.archives.gov/omb/procurement/comp\\_src/implementing\\_strategic\\_sourcing.pdf](https://georgewbush-whitehouse.archives.gov/omb/procurement/comp_src/implementing_strategic_sourcing.pdf)

<sup>2</sup> OMB Memorandum, Transforming the Marketplace: Simplifying Federal Procurement to Improve Performance, Drive Innovation and Increase Savings <https://obamawhitehouse.archives.gov/sites/default/files/omb/procurement/memo/simplifying-federal-procurement-to-improve-performance-drive-innovation-increase-savings.pdf>

<sup>3</sup> OMB Memorandum M-17-22, Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce <https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/memoranda/2017/M-17-22.pdf>

<sup>4</sup> OMB Memorandum M-19-13, Category Management: Making Smarter Use of Common Contract Solutions and Practices <https://www.whitehouse.gov/wp-content/uploads/2019/03/M-19-13.pdf>

(OFPP) Memorandum entitled Development, Review, and Approval of Business Cases for Certain Interagency and Agency Specific Acquisitions, dated September 29, 2011, and also OMB Memorandum M-13-02, Improving Acquisition through Strategic Sourcing, dated December 5, 2012.

OMB Memorandum M-19-13 defines **CM** as “...the business practice of buying common goods and services as an enterprise to eliminate redundancies, increase efficiency, and deliver more value and savings from the Government's acquisition programs.” The memorandum requires agencies to carry out a set of tailored management actions and provide updates on these management actions to evaluate their progress in bringing common spending under management.

The General Services Administration (GSA) collaborates closely with OMB to ensure the availability and use of contract vehicles that are considered to be Best In Class or Spend Under Management. GSA defines **Spend Under Management (SUM)** as “...the percentage of an organization’s spend that is actively managed according to category management principles<sup>5</sup> - or smart decision-making where agencies buy the same kinds of goods and services through best value solutions.” GSA then defines **Best In Class (BIC)**<sup>6</sup> as “...SUM vehicles that are identified as offering the best pricing and terms and conditions”.

OMB developed a structure that assigns tiers to agency spending activity based on attributes demonstrating the agency’s progress in adopting SUM practices. This structure assists agencies in evaluating their progress in aligning common spending activities with category management principles and assists OMB in capturing data related to agency spend. Therefore, all contract actions within an agency must be designated as Tier 3, 2, 1, or 0 as described below:

**1. Tier 3, Best-in-Class (BIC) Solutions**

Spending managed at the Government-wide level through use of BIC solutions that have been identified through a collaborative interagency process as offering the best pricing and terms and conditions within the Federal marketplace and reflecting the strongest contract management practices.

**2. Tier 2, Multi-Agency Solutions**

Spending managed at the Government-wide level through multi-agency or Government-wide solutions that are not BIC solutions but reflect strong contract management practices, including data and information sharing across agencies, and use of cross-agency metrics.

**3. Tier 1, Mandatory Use Agency-wide Solutions**

Spending managed at the agency-wide level with supporting mandatory-use policies and strong contract management practices, including data analysis, information sharing across the agency, and use of metrics that are defined, tracked, and publicized.

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<sup>5</sup> Category Management Principles include: vendor management; industry engagement; coordination with OSDBU offices; support existing policy; collect, analyze, share, and improve data.

<sup>6</sup> OMB designates contracts as BIC if they meet the following three criteria: 1. Rigorous Requirements Definitions and Planning and Management Processes; 2. Appropriate Pricing Strategies; 3. Data Upon Which to Develop CM Strategies and Measure Performance.

#### 4. Tier 0, Spend NOT Aligned to CM Principles

Unaligned spending by the agency, which involves purchasing in a decentralized manner and not conforming to category management principles.

#### 4. Discussion:

Members of the acquisition workforce should take the following steps to comply with OMB's CM policy requirements:

##### **A. Attend CM Training Sessions**

USAID/M/OAA/OD has developed tailored CM training specific to the USAID acquisition workforce entitled *CM and You*. COs and specialists in M/OAA Washington completed training in this course by branch in January 2020. Some USAID Missions and USAID Washington requiring offices have received this CM training in Washington and remotely as of the date of this PEB. Missions or requiring offices in Washington who have not yet received this training should request to schedule *CM and You* training at a mutually agreeable date as soon as possible. Training can be arranged by emailing [CategoryManagement@usaid.gov](mailto:CategoryManagement@usaid.gov).

In addition to the USAID-specific CM training, the Federal Acquisition Institute (FAI) has mandated (effective October 1, 2019) the course FCL-CM-2500 Category Management 101 as a required course for FAC-C Level 1 certification. All acquisitions professionals are strongly encouraged to take this online course.

##### **B. Update the Acquisition & Assistance (A&A) Plan**

ADS 300 describes the agency's requirements as they relate to the Acquisition & Assistance (A&A) Plan. Members of the acquisition workforce should use this existing tool to clearly indicate to industry partners whether the agency intends to use a CM solution for their requirement, and if so, which CM contract vehicle they intend to use. Updates to the A&A Plan with CM-specific fields are forthcoming. Until then, A&A Plan users should indicate their intent to use a CM solution for their procurement in the *Award Description* field of the A&A Plan. Information contained in the *Award Description* field is visible to the public when the *BizForecast Check* field is marked such that the action is visible on the USAID Business Forecast.

##### **C. Hold Regular Procurement Meetings**

Members of the acquisition workforce are strongly encouraged to hold regular procurement meetings (recommended monthly) to discuss upcoming requirements and identify which agency needs can met by using a CM solution. It is strongly recommended that the A&A Plan be used as the framework for these meetings.

##### **D. Use the Acquisition Gateway as Part of Market Research**

The Acquisition Gateway is a common Government-wide portal designed to provide COs, specialists, CORs, Activity Planners, and other acquisition professionals a set of tools and

resources to help improve acquisitions government-wide. The Acquisition Gateway contains information acquisition professionals should use while conducting market research. This includes available small business solutions, sample statements of work, information on prices paid for common areas of spend Government-wide, and tools to search for contracts by North American Industry Classification System (NAICS) and Product Service Codes (PSCs).

Additionally, the Acquisition Gateway includes a [Solutions Finder Tool](#), which gives acquisition professionals the ability to review CM Tier 3 (BIC) and Tier 2 (other Government-wide solutions) that may meet their requirements. The Solutions Finder Tool includes links to solution websites and contract documents, which assist acquisition professionals in determining whether a Tier 3 or Tier 2 solution would meet their identified requirements.

The Acquisition Gateway can be found at <https://hallways.cap.gsa.gov>. The Acquisition Gateway is available to both public and Government users. In order to have access to the full suite of resources available on the Acquisition Gateway, acquisition professionals should sign in as registered Government users. Instructions to register as a Government user are on the main page of the Acquisition Gateway.

#### **E. Use the USAID/M/OAA Category Management Page as Part of Market Research**

While Tier 3 and Tier 2 CM solutions are most preferred, they may not always be the most appropriate solution for USAID-specific requirements. In addition to using the Acquisition Gateway in market research, acquisition professionals should also consult the list of Tier 1 USAID Mandatory Use Agency-wide Solutions available on the USAID/M/OAA Category Management intranet site here: <https://pages.usaid.gov/M/OAA/category-management>.

#### **F. Reduce the use of Tier 0 Contracts and Choose Appropriate NAICS Codes**

OMB and USAID understand and expect that many agency requirements will be for USAID mission-specific requirements that are not common goods and services and cannot be met by CM solutions. Acquisition professionals are, however, requested to reduce their use of Tier 0 contracts and use CM solutions wherever possible. To further illustrate and more accurately capture the unique nature of the work performed by the agency, acquisition professionals are encouraged to reduce the use of non-specific NAICS codes that do not accurately describe the work to be performed (such as NAICS code 541990 - All Other Professional, Scientific, and Technical Services) and choose more appropriate NAICS codes that more adequately describe the agency's requirements to the greatest extent possible. NAICS code descriptions, including a list of all available NAICS codes, are available on the US Census Bureau website here: <https://www.census.gov/eos/www/naics/>.

#### **G. Document Consideration of CM Solutions in the Individual Acquisition Plan (IAP)**

ADS 300 describes the requirements for submission of a new action to the CO by the requiring office, which includes market research and a written Individual Acquisition Plan (IAP), if required. ADS 300 also requires a written IAP for cost reimbursement, noncompetitive, time and materials, or labor hour acquisitions (including IDIQs and task orders). The USAID IAP template is contained in ADS 302mal; M/OAA also provides link to this template on the M/OAA

templates page. When conducting market research and preparing the IAP, Activity Planners should document whether a CM solution was considered for the agency's requirement and was then recommended to the CO. This documentation should define the Category for the procurement (e.g. Professional Services Category) and describe attempts to find a CM solution in this order: Tier 3, Tier 2, and Tier 1. If a CM solution was not recommended to the CO, the Activity Planner should provide a rationale as to why a CM solution was not appropriate for the requirement.

#### **H. Document Consideration of CM Solutions in the Negotiation Memorandum**

In the negotiation memorandum, the CO should document whether a CM solution was considered when drafting the acquisition plan for the agency's requirement<sup>7</sup>. The CO can build from information contained in the market research documentation (or IAP, as applicable) provided by the Activity Planner. The negotiation memorandum should define the Category for the procurement (e.g. Professional Services Category) and describe the Activity Planner and/or CO's attempts to find a CM solution in this order: Tier 3, Tier 2, and Tier 1. If a CM solution was not chosen by the CO, the CO should provide a rationale as to why a CM solution was not appropriate for the requirement. This documentation should be contained in the negotiation memorandum for all acquisitions above the Simplified Acquisition Threshold, regardless of the contract type of the acquisition.

#### **I. Accurately Record use of CM Solutions in GLAAS**

On February 28, 2020, the agency's Global Acquisition and Assistance System (GLAAS) issued a notice advising GLAAS users that two new fields were added in relation to CM. These fields require the CO to indicate: (1) whether a CM solution was chosen for that procurement, and if so, which Tier; and (2) if a CM solution was not chosen, the CO must provide a reason for not selecting a CM solution. Integrity of data entered into GLAAS is a key tool in ensuring that the agency accurately tracks and receives credit from OMB on the use of CM solutions. It is therefore critical that GLAAS users accurately report this information in GLAAS.

### **5. Inquiries:**

#### **External Point of Contact**

For questions regarding use of the Acquisition Gateway, please send an email to the Acquisition Gateway team at: [hallways site manager@gsa.gov](mailto:hallways_site_manager@gsa.gov)

#### **Internal Point of Contact**

For questions on this bulletin, please send an email to: Brooke Hopper, M/OAA/OD ([bhopper@usaid.gov](mailto:bhopper@usaid.gov))

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<sup>7</sup> As noted in M-19-13, CM guidance does not change an agency's responsibility to meet its small business contracting goals, including its socioeconomic goals. There are many opportunities on the Acquisition Gateway to determine what CM solutions are available to meet small business needs, including options for small business set asides for socioeconomic categories. To determine the best fit for an Agency requirement all strategies should be considered. The OMB policy initiative to use CM contracts does not prefer a CM solution over a small business solution, but rather leaves that decision to the COs discretion after fully evaluating the Agency requirement.

**6. Effective Date:** This Bulletin is effective immediately and remains in effect until cancelled by the Procurement Executive.

MARK ANTHONY  
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Date

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