

# MarkeTips

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## Transfer of Power

Managing the Transition

GSA Salutes America's Inaugural Tradition

## Beyond the Office

GSA and the Non-Traditional Workplace



# A Package Deal

Federal Agencies Achieve Savings and Value through 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, Deputy Director for Management, OMB

**S**trategic sourcing offers agencies a way to save considerable funds by taking advantage of the collective purchasing power of the Federal Government. In the same way that GSA is able to do so by setting up contracts, individual agencies that require the same or similar products and services can use the Federal Strategic Sourcing Initiative to get goods and services at a much lower cost with value-added benefits.

GSA developed the Federal Strategic Sourcing Initiative (FSSI) Express and Ground Domestic Delivery Services (ExGDDS) BPA with Federal Express Corporation to help agencies realize the greatest value for their government dollar. Members from 12 agencies formed an interagency acquisition team to define requirements and award a BPA that meets the needs of many government agencies. Not only does the ExGDDS vehicle save significant taxpayer dollars, but it also sets a perfect example of how federal agencies can work strategically with top-notch suppliers to carry out their missions. The primary objectives of this initiative are to:

**Establish a common procurement vehicle** through which Government agencies may procure and utilize Express and Ground Domestic Delivery Services (ExGDDS).

**Lower total costs** associated with Express and Ground Delivery Services while achieving similar or improved service levels.

**Utilize business intelligence** to better support overall decision making and performance management.



GSA's ExGDDS BPA offers—

The ExGDDS initiative offers domestic delivery for both air and ground shipments between the continental U.S., Alaska, Hawaii, and Puerto Rico. ExGDDS meets OMB's goal for cross-government participation in FSSI and avoids duplication of effort in procuring for the same services.

The initiative includes express small package, express heavyweight, and ground small package delivery offering a money-back guarantee. ExGDDS offers cost savings above and beyond that achieved through GSA's Multiple Award Schedule contract vehicle. Fuel surcharges are waived as part of the agreement and annual reviews are conducted to adjust discounts which increase as collective volume increases.

In fiscal years 2007-2008, the use of this initiative realized savings of over 54 million dollars for the government with an overall on-time performance record of more than 97 percent. Nearly 60 large, medium, and small agencies participate in FSSI ExGDDS. The beauty of this procurement vehicle is that none of the participating

Tiered discounts – as the collective volume increases, so do the discounts

Business intelligence – enables informed business decisions

Best practice solutions – for better program management

agencies could have individually achieved the kind of discounts and efficiencies realized by several agencies collectively pulling together their spending and avoiding duplication of effort - even more so for the small to medium sized agencies.

Participating agencies can access quarterly reports that track their individual spending, surcharge, and accessorial usage, as well as savings and performance metrics.

Agencies drive this program and ensure its success across government through their direct involvement. Agency participants are encouraged to support the initiative by designing, developing, implementing, and monitoring agency's measurements of success. Agencies can also assign an ExGDDS team that includes members from various departments including finance, IT, mail management, procurement, communications, and training to meet quarterly with your FedEx Worldwide account manager.

Agency participation in the program can achieve a number of tangible, specific benefits:

- Meet OMB goal for cross-government participation
- Receive more data to help manage the program
- Re-engineer high-cost business processes
- Replicate cost-saving business processes
- Share lessons learned and best practices
- Enjoy quality service levels
- Drive additional discounts
- Identify adjustments for future FSSI acquisitions



Expectations for the rollout of the program:

- Meet with FedEx promptly
- Consult with FedEx and your ExGDDS team
- Ask FedEx to help identify business intelligence to make decisions and to provide best practice ideas
- Transportation consulting BPA is also available to help you transform processes and achieve savings

GSA also provides other value added services including annual benchmarking studies, annual high level spending analyses and dedicated customer support. To get your agency on the road to best value Ground and Domestic Delivery services, just follow these steps:

1. Agency submits participation letter to GSA listing participating locations, key points of contact, and estimated annual spending.
2. GSA issues task order to FedEx on agency's behalf.
3. Agency funds task order.
4. Agency obligates funding in Federal Procurement Data System by modifying BPA No. GS-33F-BQT03 and referencing Task Order No. QPN BQT06, as appropriate.

5. FedEx performs agency account setup with FSSI pricing (effective no later than 30 days after task order issuance).
6. Agency begins using FedEx BPA services and enjoys the benefits of strategic sourcing: agency completes air/ground bill of lading and makes arrangements with FedEx for pickup or drop off of packages.

The Federal Strategic Sourcing Initiative is demonstrating results by focusing on governmentwide solutions that improve commodity management. Additionally, detailed shipping information is being provided to each agency using the FSSI agreement to improve their domestic delivery processes.



# FSSI Express and Ground Domestic Delivery Services

## Fact Sheet

<b>Value Proposition</b>	“FSSI ExGDDS provides easy access to a common procurement vehicle that offers greater discounts as collective volume increases, business intelligence, and best practice solutions”
<b>Features</b>	<ul style="list-style-type: none"> <li>• Interagency acquisition team participation with 12 agencies.</li> <li>• Domestic delivery for both air and ground shipments between continental U.S., Alaska, Hawaii, and Puerto Rico</li> <li>• Express small package, express heavyweight, and ground small package money-back guarantee</li> <li>• Best value Blanket Purchase Agreement awarded to FedEx in October 2006 for one base-year plus two 1-year options</li> <li>• Discounts increase as collective volume increases</li> </ul>
<b>Savings/Discounts</b>	<ul style="list-style-type: none"> <li>• Significant savings of taxpayers dollars – over \$54 million in FY 07-08</li> <li>• High-volume location discounts for ground deliveries</li> <li>• No fuel surcharges for ground or express deliveries</li> <li>• Additional savings opportunities by utilizing business intelligence to streamline processes manage change</li> </ul>
<b>Ordering Procedures</b>	<ul style="list-style-type: none"> <li>• FSSI BPA No. is GS-33F-BQT03</li> <li>• Agency participation letter to GSA</li> <li>• GSA issues task order for agencies</li> <li>• Agencies fund task order</li> <li>• Agencies “modify” FSSI BPA No. GS-33F-BQT03 in FPDS and reference FSSI Task Order No. QPN BQT 06, as appropriate</li> <li>• Account setup with FSSI pricing with FedEx (new tier rates effective no later than 30 days after task order issuance)</li> <li>• Complete air/ground bill of lading and make arrangements with FedEx for pickup or drop off package(s) at authorized location</li> </ul>
<b>FSSI Benefits</b>	<ul style="list-style-type: none"> <li>• Meets OMB’s goal for cross-government participation</li> <li>• Collect and analyze data</li> <li>• Identify trends</li> <li>• Re-engineer high cost business processes</li> <li>• Replicate cost-saving business processes</li> <li>• Share lessons learned and best practices</li> <li>• Enjoy quality service levels</li> <li>• Drive additional discounts</li> <li>• Identify adjustments for future FSSI acquisition</li> </ul>
<b>GSA Value-Added Services</b>	<ul style="list-style-type: none"> <li>• Annual benchmarking studies</li> <li>• Annual high-level spend analysis</li> <li>• Dedicated customer support</li> <li>• Acquisition management</li> <li>• Transportation Consulting BPA available for agencies to purchase business process re-engineering support to achieve cost efficiencies and meet OMB reporting mandates</li> </ul>
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## FSSI ExGDDS Top 10 Best Practices

1. Obtain executive sponsorship which is critical to drive business re-engineering processes resulting in win-win solutions and additional savings.
2. Collect detailed invoice data to identify trends and opportunities for business process improvements and improved follow-on acquisitions.
3. Plan/budget to gain further improvements/savings and better manage the program.
4. Ensure up front the use of data (e.g., ownership, security, etc.), validation methods to ensure completeness and accuracy of the data, and an easy method of distributing reports and data within agencies and governmentwide.
5. Define data management up-front, resulting in common expectations between the government and the vendor.
6. Establish a community of sharing to discuss common issues, lessons learned, and encourage implementation of best practices.
7. Partner with the contractor to help identify opportunities for adopting best practices (e.g., mode/service optimization, utilization of technology, analyzing shipping patterns, streamlining processes, agencywide training/communication assistance).
8. Identify all of the tools and skill sets needed at the outset and budget accordingly (e.g., fact-based decision-making tools like cost comparison benchmarking; document management tools; communication platform to house information at contract/program levels; data management experts; marketing; pricing; contractor support).
9. Use a disciplined, strategic sourcing, process approach in conducting an opportunity assessment, developing a commodity/services profile/spend analysis, conducting market analysis, defining scope and requirements, developing the acquisition strategy, implementing the strategy/conducting the acquisition, and managing and monitoring performance.
10. Provide training and ongoing education for account usage and management.



The FSSI Program Management Office within GSA is working in partnership with the Office of Federal Procurement Policy (OFPP) and the Strategic Sourcing Working Group through the Chief Acquisition Officer's Council to establish governmentwide vehicles to drive savings, improve total cost of operations, ensure policy compliance, and increase socioeconomic participation for commonly purchased goods and services.

The Federal Government spends over \$430B annually on the purchase of goods and services. While guidance from OFPP requires strategic sourcing of goods and services within all federal agencies, a more organized, systematic, and collaborative approach to strategic sourcing across the entire federal government is critical for capturing greater value from the enormous amount of dollars being spent and for maximizing the use of government resources. A collective sourcing program not only yields the benefits associated with a coordinated approach to the supply base for all agencies, large and small, but also reduces the amount of agency resources required to support strategic sourcing on a per commodity basis. This will allow internal agency strategic sourcing programs to focus on the sourcing of goods and services unique to the agency's mission.

Two additional FSSI efforts are also improving the way the federal government does business. The FSSI Wireless

Telecommunications Expense Management Services vehicle is expected to save agencies 25-40% off their wireless total cost of operations through rate plan optimization, inventory and billing error cost savings, process efficiencies, and improved management and security controls. This vehicle can also help agencies strategically address the complexities of their wireless tools through a central management portal and dashboard reporting. Additionally, the FSSI Office Supplies BPAs provide savings of 1-30% off vendor Schedule prices with 85% of awards going to small businesses. These BPAs for toner, paper, and general office supplies comply with the Trade Agreement Act, various environmental regulations, and are authorized AbilityOne distributors for general office products.

*FSSI is governed by the Office of Federal Procurement Policy and the Strategic Sourcing Working Group under the Chief Acquisition Officer Council, and is co-chaired by GSA and the Department of the Treasury.*

*For more information about other initiatives under FSSI, visit [www.gsa.gov/fssi](http://www.gsa.gov/fssi). For more information about ExGDDES, visit [www.gsa.gov/exgdde](http://www.gsa.gov/exgdde) or contact:*

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