

# Congress of the United States

U.S. House of Representatives

Committee on Small Business

2361 Rayburn House Office Building

Washington, DC 20515-6515

To: Members, Subcommittee on Contracting and the Workforce, Committee on Small Business  
From: Committee Staff  
Date: June 10, 2013  
Re: Hearing: "Putting the Strategy in Sourcing: Challenges and Opportunities for Small Business Contractors"

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On Thursday, June 13, 2012 at 10:00 am in Room 2360 of the Rayburn House Office Building, the Subcommittee on Contracting and Workforce of the Committee on Small Business will meet for the purpose of receiving testimony on the effects of the Federal Strategic Sourcing Initiative (FSSI) on small businesses. Specifically, the hearing will address the following areas: 1) the Administration's new strategic sourcing council and its efforts to make strategic sourcing mandatory; 2) the One Acquisition Solution for Integrated Services (OASIS) and OASIS Small Business (OASIS SB) contracts; and 3) FSSI commodity initiatives currently under consideration by the General Services Administration (GSA) and their effects on the health of GSA's other contracts.

## **I. Introduction**

On June 6, 2012, the Subcommittee held a hearing looking at strategic sourcing and the GSA Multiple Award Schedule (MAS) program, commonly referred to as the Schedules.<sup>1</sup> The memorandum for that hearing provides background information on the operation of the GSA Schedules.<sup>2</sup> During the hearing, witnesses expressed concern that if FSSI was not carefully managed, it would adversely affect the ability of small businesses to compete for federal contracts. However, since that time, the Office of Management and Budget (OMB) has announced revisions to FSSI. This memorandum will briefly revisit the history of FSSI, address the recent changes, and then examine the application of FSSI through several pending contract vehicles.

## **II. Strategic Sourcing**

### **a. General Principles**

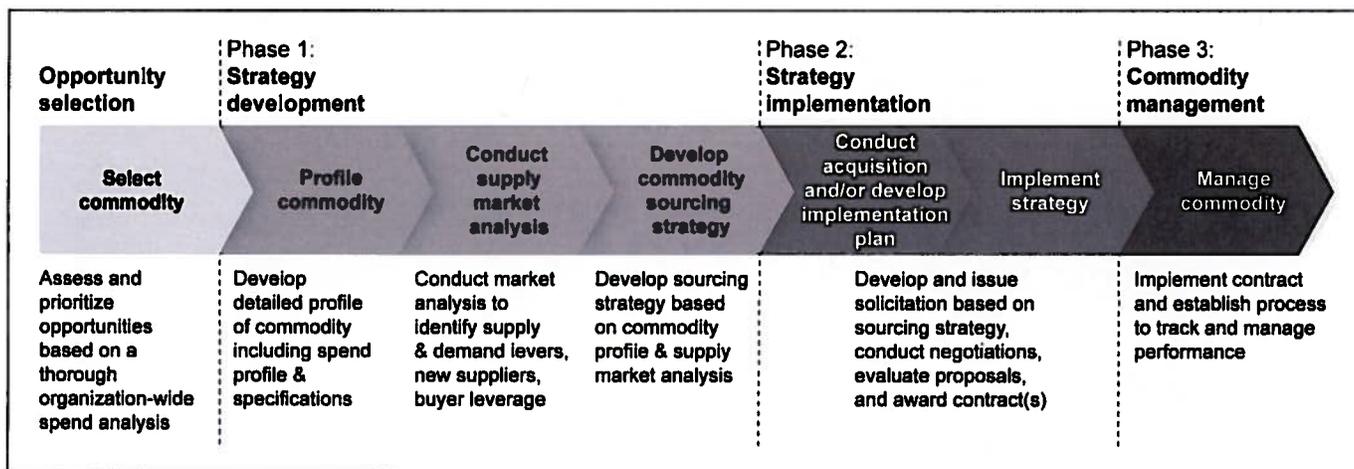
Strategic sourcing is an effort by the government to understand how it buys what it buys, so that it may better leverage its purchasing power. Like any other method of procurement, it is neither inherently good nor bad for small businesses; instead, it is the application of strategic sourcing that is crucial. However, it is

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<sup>1</sup> *Scheduling Success? Issues and Opportunities for Small Businesses on the GSA Schedules Hearing Before the Subcomm. on Contracting and Workforce of the H. Comm. On Small Business, 112th Cong. (2012).*

<sup>2</sup> Committee Staff, *Scheduling Success? Issues and Opportunities for Small Businesses on the GSA Schedules (2012)*, available at <http://smallbusiness.house.gov/calendar/eventsingle.aspx?EventID=297694>

a methodology that is increasingly popular. For FY 2011, the Government Accountability Office (GAO) found that the four agencies responsible for 80 percent of the procurement spending managed 5 percent, or \$25.8 billion through strategic sourcing contracts that resulted in \$1.8 billion in savings.<sup>3</sup> As a basic matter, the strategic sourcing process can be illustrated by the chart on the next page.<sup>4</sup> GAO reported that when strategic sourcing contracts were used, these agencies generally reported achieving savings between 5 and 20 percent.<sup>5</sup> Therefore, it is not surprising that since 2005 OMB has directed agencies to utilize strategic sourcing based on its perceived benefits to taxpayers.<sup>6</sup>



It is important to explain the difference between strategic sourcing, contract bundling, and contract consolidation. Often, small businesses allege that strategic sourcing is synonymous with contract bundling, however each of the FSSI initiatives to date has reserved awards for small business. Since the Small Business Act defines contract bundling as “consolidating 2 or more procurement requirements for goods or services previously provided or performed under separate smaller contracts into a solicitation of offers for a single contract that is likely to be unsuitable for award to a small-business concern,” but it defines a consolidated contract as one that satisfies “2 or more requirements of the Federal agency for goods or services that have been provided to or performed for the Federal agency under 2 or more separate contracts lower in cost than the total cost” than the new contract.<sup>7</sup> The key distinction is that consolidation does not require a finding that a contract will not be suitable for award to small business. Therefore, any strategic sourcing vehicle that awards one BPA to a small business would not be considered bundled, but would be considered consolidated. For any consolidated contract, such as a strategic sourcing vehicle, agencies must provide a written justification that the consolidation is necessary and that they have considered market research, alternative contracting approaches that would involve less consolidation, and considered the negative effect of the acquisition on small businesses.<sup>8</sup> Despite requests from the Committee, neither bundling nor consolidation justifications have been provided for any of the contract vehicles discussed in Section III.

<sup>3</sup> GAO, STRATEGIC SOURCING: IMPROVED AND EXPANDED USE COULD SAVE BILLIONS IN ANNUAL PROCUREMENT COSTS 7 (2012) (GAO-12-919) [hereinafter 2012 STRATEGIC SOURCING]. The four agencies are: the Department of Defense (DoD), Department of Homeland Security (DHS), Department of Energy (Energy), and Department of Veterans Affairs (VA).

<sup>4</sup> *Id.* at 6, citing GSA.

<sup>5</sup> *Id.* at 7.

<sup>6</sup> OMB, IMPLEMENTING STRATEGIC SOURCING (May 20, 2005), available at [http://www.whitehouse.gov/sites/default/files/omb/procurement/comp\\_src/implementing\\_strategic\\_sourcing.pdf](http://www.whitehouse.gov/sites/default/files/omb/procurement/comp_src/implementing_strategic_sourcing.pdf). OMB defined strategic sourcing as “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.”

<sup>7</sup> 15 U.S.C. § 632(o)(2); 15 U.S.C. § 657q(a)(2). During the 112<sup>th</sup> Congress, the Committee attempted to pass legislation reconciling these provisions and improving the definition of bundling.

<sup>8</sup> *Id.* at § 657q(c).

## **b. Initial OMB Directive and Resulting Contracts**

Based on the 2005 OMB directive, GSA, in conjunction with the Department of Treasury, implemented the Federal Strategic Sourcing Initiative (FSSI), which sets for itself five goals:

1. Strategically source across federal agencies;
2. Establish mechanisms to increase total cost savings, value, and socioeconomic participation;
3. Collaborate with industry to develop optimal solutions;
4. Share best practices; and
5. Create a strategic sourcing community of practice.<sup>9</sup>

To achieve these aims, GSA created commodity-based blanket purchase agreements (BPAs)<sup>10</sup> against the Schedules in five major categories, of which only the BPA for office supplies has generated any controversy.<sup>11</sup> Four of the five categories resulted in multiple awards, with the majority of all awards and dollars going to small businesses.<sup>12</sup> However, to the small firms that did not win BPAs, the fact that small businesses in general are doing better is rarely persuasive. The Office Supply II (OSII), which generated the majority of the controversy, will be discussed later in the section on the Office Supply 3 (OS3) contract.

## **c. Revised OMB Directive and Challenges for Small Business**

In 2012, OMB revisited strategic sourcing with two key documents. First, OMB directed agencies to consolidate information technology (IT) spending under the Chief Information Officers (CIOs), who were in turn directed to complete the transition of two IT commodities to a strategically sourced or consolidated contract by December 31, 2012.<sup>13</sup> Next, OMB issued broader guidance on strategic sourcing, creating the Interagency Strategic Sourcing Leadership Council (SSLC) and directing the SSLC to “identify at least five products and/or services for which new government-wide acquisition vehicles or management approaches should be developed and made mandatory, to the maximum extent practicable, for the SSLC agencies” for FY 2013 and FY 2014.<sup>14</sup> While OMB states that “because small businesses play a vital role in Federal contracting, the SSLC includes a representative from the Small Business Administration (SBA),” other

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<sup>9</sup> GSA, FSSI, available at <http://www.gsa.gov/portal/category/25623>.

<sup>10</sup> BPAs do not constitute a purchase, but are instead the result of a competition to establish charge accounts against which orders under the Simplified Acquisition Threshold (SAT), currently set at \$150,000, may be placed without additional competition. The award of a BPA requires the same level of competition as a task order above the SAT. FAR § 13.303.

<sup>11</sup> The five are for domestic delivery services (DD2), wireless telecommunications expense management (TEMS), print management, software (SmartBUY) and office supplies. GSA, ABOUT FSSI, available at <https://strategicsourcing.gov/about-fssi>.

<sup>12</sup> DD2 resulted in one award to UPS. GSA, Domestic Delivery Services, <http://www.gsa.gov/portal/content/105105>. TEMS resulted in 3 BPAs, of which 2 were small business awards. GSA, TEMS, available at <http://www.gsa.gov/portal/content/105139>. Under Print Management, GSA awarded BPAs to 11 vendors, including 2 small businesses. GSA, FSSI PRINT MANAGEMENT, available at <http://www.gsa.gov/portal/content/111983>. SmartBUY resulted in BPA for 27 different software manufacturers, with over 20 small businesses receiving contracts as resellers; GSA, ALL SMARTBUY SOFTWARE, available at <http://www.gsa.gov/portal/content/231349>. Finally, 13 of the 15 OSII BPAs were awarded to small businesses. Under OSII, GSA awarded 15 BPAs, with 13 of the BPAs going to small businesses (OSII will be discussed in greater detail below). SECOND GENERATION FSSI OFFICE SUPPLY BPAs, available at <http://www.gsa.gov/portal/content/141857>.

<sup>13</sup> OMB, IMPLEMENTING PORTFOLIOSTAT (Mar. 30, 2012), available at <http://www.whitehouse.gov/sites/default/files/omb/memoranda/2012/m-12-10.pdf>. The SSLC is composed of DoD, GSA, Energy, Health and Human Services, DHS, VA, and the National Aeronautics and Space Administration, and a representative from SBA.

<sup>14</sup> OMB, IMPROVING ACQUISITION THROUGH STRATEGIC SOURCING (Dec. 5, 2012), available at [http://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-02\\_0.pdf](http://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-02_0.pdf). The SSLC is composed of DoD, GSA, Energy, Health and Human Services, DHS, VA, and the National Aeronautics and Space Administration, and a representative from SBA.

elements of the memorandum are problematic for small business.<sup>15</sup> Specifically, the 2012 directives move towards mandatory use of FSSI vehicles, and look to include more services in FSSI.<sup>16</sup> Both of these may prove problematic for small businesses despite the directive to “baseline small business use under current strategies and set goals to meet or exceed that baseline participation under the new strategic sourcing vehicles.”<sup>17</sup>

A recent GAO study illustrates why the OMB directive is problematic. GAO explored the use of strategic sourcing by leading commercial companies, and concluded that two factors were key to predicting the success of strategic sourcing: the number of suppliers and the complexity of the goods or services being purchased.<sup>18</sup> Commercial companies found that commodities with a large number of suppliers are best for strategic sourcing since the ability to conduct vigorous competitions is fundamental to sustainable savings, and that in areas where there are few suppliers it is better to focus on only covering half of the requirements through strategic sourcing.<sup>19</sup> Second, GAO found that while industry was moving to strategically source services, the more specialized the service the more difficult the task became since “complexity drives cost.”<sup>20</sup> When these two lessons are applied to small business contracting, the challenges become more apparent.

As with all government contracts, strategic sourcing results in winners and losers. This is a risk fully understood by all small businesses, so traditionally this Committee has not inquired into specific winners and losers on any contract as long as small businesses overall prospered. However, in the case of strategic sourcing, while small businesses may be doing better as a category, losing firms claim they risk exclusion from the market. Given that the eight agencies for which OMB wants FSSI to be mandatory account for 89 percent of federal contract spending, and 81 percent of federal spending with small businesses, fears of exclusion from the federal marketplace become very real. Further, given that maintaining the ability to contract with the federal government itself requires time and resources, it is questionable whether any firm not selected as a winner on a FSSI vehicle will be able to maintain the systems necessary to compete for federal contracts years after the initial FSSI awards if there is no intervening federal work. The lack of small businesses will reduce competition for future federal contracts, and basic economic theory states that a lack of competition will result in higher prices.

This problem is further exacerbated by applying FSSI to services suitable for award to small businesses. First, services are much more difficult to commoditize than goods. Second, issues of scale arise: unlike the resale of commodities, many services require a regional, if not worksite, presence which excludes many small businesses. Further, small business service providers are rarely generalists competing with the largest businesses, instead they specialize in areas where complex approaches are required. When these services are themselves commoditized, the specialized providers are rarely well situated to competitively offer the basic requirements. Finally, the operation of SBA’s size standards will pose a challenge. While most commodity size standards are employee-based, often allowing a firm to remain small despite winning a FSSI award, the size standards for services are receipt based. Thus, a small business winning a FSSI award for services is certain to no longer be small at the time of the recompetes. If no other small firms are still contracting with the government in this area, at the time of the recompetes there will be few, if any, small businesses able to compete.

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<sup>15</sup> *Id.* at 2, 4.

<sup>16</sup> *Id.* at 2-4.

<sup>17</sup> *Id.* at 5.

<sup>18</sup> GAO, STRATEGIC SOURCING: LEADING COMMERCIAL PRACTICES CAN HELP FEDERAL AGENCIES INCREASE SAVINGS WHEN ACQUIRING SERVICES (2013) (GAO-13-417) [hereinafter COMMERCIAL PRACTICES].

<sup>19</sup> *Id.* at 19, 23.

<sup>20</sup> *Id.* at 17.

### **III. Application of the New Strategic Sourcing Guidance**

GSA is currently taking the lead on six strategic sourcing vehicles, four of which will be competed this year and two of which will be offered for competition next year. The following is a brief overview of each of these vehicles and the potential issues they pose for small businesses.

#### **a. JANSAN and MRO**

The two principle commodity-based FSSI contracts currently available as draft requests for proposal (RFP) are for janitorial and sanitation supplies (JANSAN) and for maintenance, repair and operations supplies (MRO), estimated to be worth a combined \$1.8 billion in spending per year.<sup>21</sup> Each draft RFP is structured as a BPA against GSA's existing Schedules. In the case of JANSAN, GSA proposes to consolidate 42 separate categories of supplies into five commodity pools. These categories are currently worth just over \$111 million in sales per year, but GSA estimates that the contract will be worth \$599 million annually, from which one can conclude that there will be no work for firms not winning a BPA.<sup>22</sup> This will mean that work currently available for 609 companies, including 540 small businesses, will be reduced to a maximum of 15 awardees, of which eight may be small businesses including three service-disabled veteran-owned small businesses. This leaves at least 594 companies, including 532 small businesses, without seats on the FSSI vehicle.<sup>23</sup> Furthermore, since the \$599 million includes other sources of spending for which vendor numbers are unknown, additional businesses not currently holding Schedule contracts may be displaced. For an analysis of the spending requirements, please see Attachment A.

Likewise, MRO will replace 514 companies, including 418 small businesses and 39 SDVOSB with a maximum of 15 companies, including 10 set aside for small businesses, for a set of BPAs estimated to be worth \$1.2 billion.<sup>24</sup> The current subcategories on the Schedules produced \$530 million in sales in FY 2012.<sup>25</sup> Additionally, the MRO contract will award three BPAs to companies providing and managing inventory in stores located in government facilities or on domestic military bases (known as the fourth party logistics or 4PL solution) and an undetermined number of awards for companies supporting GSA's Global Supply program that provides international distribution of goods.

Small businesses are concerned that there are simply not enough proposed awardees on either JANSAN or MRO, and that not enough of the BPAs are geared towards small businesses. Further, during a recent industry day conference, businesses expressed concern that by only considering the lowest prices GSA was ignoring the total cost of ownership.<sup>26</sup> Specifically, the businesses stated that some products cost more, but were more efficient or offered substantial benefits not available with a cheaper product. In either case, the Subcommittee wishes to examine whether the model will sustain enough businesses to provide meaningful competition at the task order level and at the time of recompetes.

#### **b. OASIS and OASIS SB**

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<sup>21</sup> Unless otherwise indicated, information regarding JANSAN and MRO is from the draft requests for proposal, available at [https://interact.gsa.gov/sites/default/files/RFO%20JANSAN%20Draft\\_0.pdf](https://interact.gsa.gov/sites/default/files/RFO%20JANSAN%20Draft_0.pdf) and <https://interact.gsa.gov/sites/default/files/Draft%20RFO%20for%20MRO%20Purchase%20Card%20Based-E-Buy.pdf>.

<sup>22</sup> Current value of SINs pulled from the Schedule Sales Query Report Generation System (SSQ) on June 3, 2013, available at [www.ssq.gsa.gov](http://www.ssq.gsa.gov).

<sup>23</sup> Data on number of vendors taken from GSA E-Library, available at <http://www.gsaelibrary.gsa.gov>.

<sup>24</sup> *Id.* The draft RFP states that this vehicle will be worth only \$23.6 million annually, but in response to a question from the Committee staff, GSA provided the higher number.

<sup>25</sup> Current value of SINs pulled from SSQ on June 3, 2013, available at [www.ssq.gsa.gov](http://www.ssq.gsa.gov).

<sup>26</sup> Transcript, GSA JANSAN/MRO INDUSTRY DAY (May 15, 2013) (on file with the Committee).

Touted by the Office of Federal Procurement Policy (OFPP) and GSA as part of their strategic sourcing initiative, GSA has released draft RFP for both OASIS and OASIS SB.<sup>27</sup> The two contracts would both be multiple award, indefinite quantity/indefinite delivery vehicles, intended to provide integrated, multidisciplinary professional services and ancillary services. Each contract would provide six different types of professional services: program management, management consulting, scientific, engineering, logistics, and financial management services. OASIS is open to all offerors, whereas OASIS SB is set aside for small businesses. Each contract could have between 40 to 240 awardees, and the anticipated value of the two contracts is \$10 billion.

The strategic sourcing element of OASIS and OASIS SB relates to the way it categorizes labor. Specifically, each vehicle has divided all labor into just over 100 categories, further subdivided into junior, journeyman, and senior levels of expertise. In doing so, GSA hopes that it will gather better data on the market rates for these services, plot them, and have a bell curve of pricing. The expectation is that over time, the bell curve will contract towards the center.<sup>28</sup> Recently, when pressed to explain why this wouldn't unduly constrain the various types of employees a contractor could utilize, the OASIS program manager stated that "[a] civilian engineer is a civilian engineer," although there are differences in rates due to factors, such as experience and expertise.<sup>29</sup> However, since small businesses often find their niche by offering highly specialized solutions, this approach may not accommodate them. Further, since the prices are intended to move towards the center, the approach does not seem to focus on obtaining the lowest price.

Furthermore, small businesses are unhappy with the award factors, which currently state that awards will be made to firms with the highest technical response that have fair and reasonable prices. However, the technical evaluations have little to do with the qualifications of the firms to perform specific tasks, and more to do with the firm's accounting systems, certifications, clearances, and the size of work previously performed as a prime contractor. Thus, work that small businesses are currently performing through GSA's own Schedules, or as subcontractors on complex contracts, may not be highly rated since they lack the appropriate accounting system or prime contract experience. This leads to a scenario where the government may be paying more for features it does not need.

Finally, small businesses have complained that GSA will not allow new small business teams or joint ventures to compete for OASIS awards. Section 15(q)(1) of the Small Business Act requires that "[e]ach Federal agency shall include in each solicitation for any multiple award contract above [\$5.5 million] a provision soliciting bids from any responsible source, including responsible small business concerns and teams or joint ventures of small business concerns."<sup>30</sup> While this discrepancy has been brought to GSA's attention, at a recent industry day, GSA published slides stating "[w]e have not changed our position on teaming or the creation of new Joint Ventures nor are we likely to."<sup>31</sup> Unfortunately, this position seems to violate the clear language of the law.

### c. Office Supply 3 (OS3)

OS3 will be GSA's third attempt at an office supply FSSI. Under the current vehicle, OSII, GSA reports nearly \$77 million in total savings and a 9 percent increase in dollars awarded to small businesses.<sup>32</sup> To

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<sup>27</sup> Unless otherwise indicated, information regarding OASIS and OASIS SB is from the draft requests for proposal, available at <https://www.fbo.gov/index?s=opportunity&mode=form&id=b3deafdbc36ac6c2065df806fb3f646b&tab=core&cvview=1>.

<sup>28</sup> Matthew Weigelt, *OASIS Creates Thirst for Answers*, FEDERAL COMPUTER WEEK (Feb. 13, 2013), available at <http://fcw.com/articles/2013/02/13/oasis-thirst-for-answers.aspx>.

<sup>29</sup> *Id.*

<sup>30</sup> 15 U.S.C. § 644(q)(1).

<sup>31</sup> Email Committee staff to GSA, *Re: May 15th & SAM Q* (May 9, 2013); GSA OASIS INDUSTRY DAY SLIDE PRESENTATION 7 (May 12, 2013) (on file with the Committee).

<sup>32</sup> May 23, 2013 GSA Briefing to Committee Staff [hereinafter May 23 Briefing].

accomplish this, GSA issued BPAs against its existing Office Supply Schedule. At the time of the RFP, there were 527 potential vendors, of which over 90 percent were small businesses and 260 were active.<sup>33</sup> Of these, 48 submitted offers, and 13 small businesses won BPAs, raising questions about the fate of over 200 remaining active vendors.<sup>34</sup> As of May, 2013, GSA reported that 70 percent of office supply sales are being made to Schedule vendors that do not hold a FSSI BPA, with the remaining 30 percent of task orders awarded through OSII.<sup>35</sup> However, those firms without BPAs continue to complain that the volume of businesses they receive has drastically declined, especially since some agencies are mandating the use of the OSII BPAs. Nineteen agencies use the OSII BPAs, generating \$319 million in sales as of March 2012.<sup>36</sup> These 13 BPA holders are now receiving more orders than all of the small businesses combined prior to OSII.

However, OSII will expire in 2014, so GSA is in the process of crafting a solution. No new vendors have been allowed to win awards on the Office Supply Schedule since the award of OSII, raising questions about which businesses would be allowed to compete. During a recent briefing, GSA stated that it was considering replacing the current Schedule with a new contract or modified Schedule.<sup>37</sup> This new Schedule would only be awarded to winners of the FSSI competition, and GSA was unsure of the number of total awardees.<sup>38</sup> Like the MRO contract, the awardees would also provide 4PL and Global Supply program support. GSA intends to seek commitment to use OS3 from the SSLC and others.<sup>39</sup> Thus, instead of OSII providing the 30 percent solution, OS3 would provide the 100 percent solution. Obviously, this raises issues about the fate of those companies not successful in the OS3 competition, and the health of the industrial base when an OS4 becomes necessary.

#### d. Future Vehicles

While no documentation has yet been provided, in public speaking events OFPP and GSA have discussed potential FSSI initiatives for 2014. These appear to be the service components for the JANSAN and MRO contracts. Specifically, in January the OFPP Administrator suggested strategically sourcing janitorial services, as opposed to the supplies covered by JANSAN.<sup>40</sup> Likewise, GSA has discussed a building maintenance and operations services contract, as opposed the MRO vehicle.<sup>41</sup> Because of the physical presence required by these services, these could pose significant challenges for small businesses.

### IV. Conclusion

Truly strategic sourcing is not simply a quest for the lowest price at any given moment – it requires an understanding of the long-term dynamics of the market and the power wielded by the buyer. If properly used, strategic sourcing can be “an *overall* strategy to obtain better value by obtaining cheaper pricing,

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<sup>33</sup> FSSI, GSA, SSWG BRIEFING ON OFFICE SUPPLIES 1 (2012) [hereinafter SSWG BRIEFING]; Email from Saul Japson, Senior Advisor for Congressional Affairs, GSA, to Committee Staff (May 22, 2012) (on file with recipient).

<sup>34</sup> Approximately 170 small businesses benefit from the awarded BPAs by acting as a consortium with those BPA awarded small businesses.

<sup>35</sup> May 23 Briefing.

<sup>36</sup> SSWG BRIEFING at 7.

<sup>37</sup> May 23 Briefing.

<sup>38</sup> May 23 Briefing.

<sup>39</sup> May 23 Briefing.

<sup>40</sup> Remarks of Joseph Jordan, *Strategic Sourcing of Professional Services*, to the Professional Services Council, TechAmerica, ACT-IAC, the Aerospace Industries Association, and the Coalition for Government Procurement (Jan. 31, 2013) (attended by Committee Staff).

<sup>41</sup> Transcript, GSA JANSAN/MRO INDUSTRY DAY (May 15, 2013) (on file with the Committee).

more favorable warranties, better terms or conditions, and increased realization of socio economic goals.”<sup>42</sup> However, if the government acts in a penny-wise, pound-foolish manner, it risks pitting short-term savings against a loss of the industrial base and the competition it brings to bear on any procurement.

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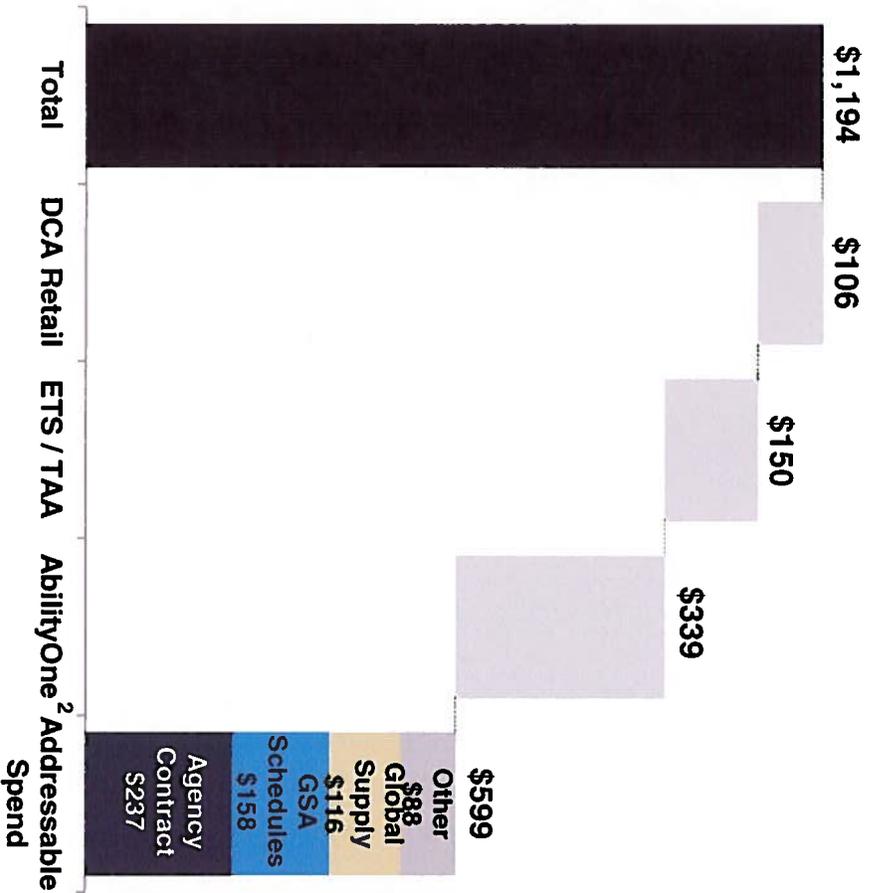
<sup>42</sup> JOANIE F. NEWHART, NATIONAL CONTRACT MANAGEMENT ASS'N , STRATEGIC SOURCING: WHAT'S ALL THE BUZZ, 26 CONTRACT MANAGEMENT (Jan. 2006), *available at* [http://www.ncmahq.org/files/Articles/24CF9\\_CMJan06\\_p26.pdf](http://www.ncmahq.org/files/Articles/24CF9_CMJan06_p26.pdf).



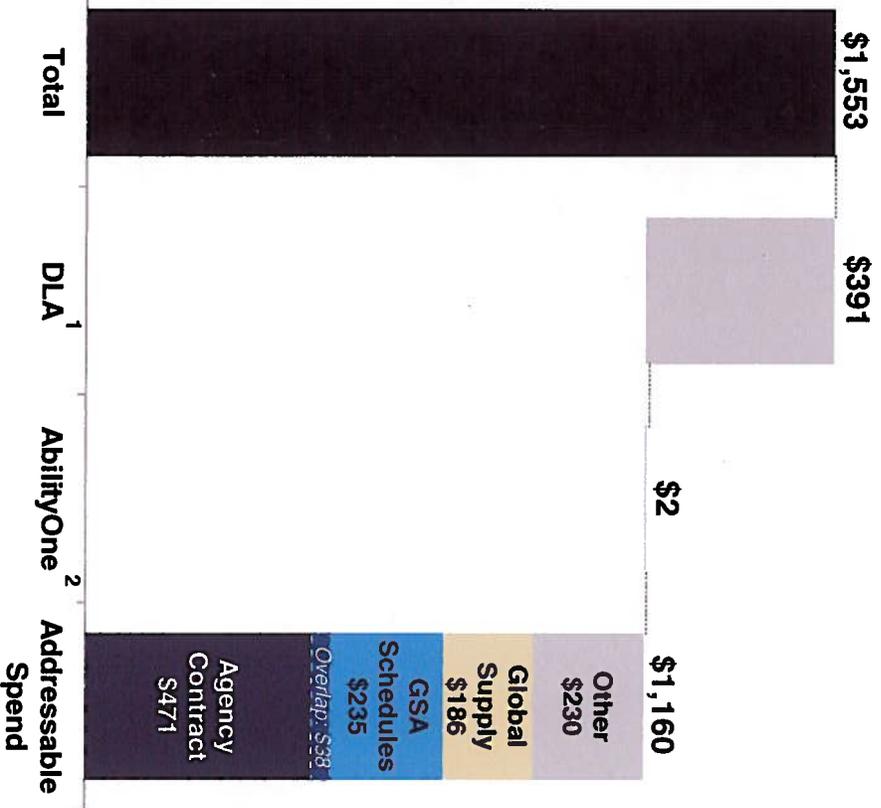
Attachment A

# Significant spend for JanSan and MRO: ~\$1.8B of addressable spend between the two categories

FY11 JanSan Addressable Spend



FY12 MRO Addressable Spend



<sup>1</sup> DLA offers acquisition services for other DOD agencies - for the time being this spend is not considered addressable and has not been analyzed  
<sup>2</sup> This represents spend that is going directly to an AbilityOne vendor, primarily via Base Supply stores  
Source: FY12 FPDS-NG, GPC, Global Supply spend data; FY11 FPDS-NG, GPC, Global Supply spend data