



U.S. DEPARTMENT OF
ENERGY

Office of Environmental Management (EM)
safety • performance • cleanup • closure

NNSA/EM Strategic Sourcing Partnership (SSP)

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Consolidated Business Center**

***Waste Management 2012: Technical Session #65
US DOE Procurement and Contracting Opportunities***

February 29, 2012

Strategic Sourcing Initiative

"Ongoing initiatives to achieve better results include: Continual expansion of strategic sourcing to take better advantage of the government's purchasing power so that we can secure better prices and reduce the proliferation of costly duplicative contracts for the same everyday needs."

White House Forum on Accountability
in Federal Contracting
July 7, 2011

"We will apply pricing and process efficiencies through Department-wide strategic sourcing to save hundreds of millions of dollars. For the longer term, applying those principles will make the contractor community's acquisition process strategically driven and integrated."

2011 DOE Strategic Plan

"In this era of constrained budgets, we must rethink our business processes and be creative in seeking dramatic results...Strategic sourcing is a key element of this approach."

"Successful implementation will require our programs to adopt a more corporate approach to purchasing and necessitate close collaboration between our programs and contractor community."

Deputy Secretary Daniel B. Poneman,
Strategic Business Initiatives Memo
dated August 27, 2010

"Last August, Deputy Secretary Poneman issued a Strategic Business Initiatives Memo that identifies strategic sourcing as a key element of the DOE Savings initiative. Strategic sourcing is the government's trend for the future. For DOE, that means opportunities for both prime and subcontracting."

NNSA Administrator Thomas P. D'Agostino
12th Annual Small Business
Conference and Expo
May 2011



Environmental Management
safety ♦ performance ♦ cleanup ♦ closure

Background

- Deputy Secretary Daniel Poneman issued Business Initiatives Memo
 - Directed expansion of strategic sourcing across DOE
- DOE Reorganization aligned EM and NNSA
 - Opportunity for EM to leverage existing strategic sourcing capability (SCMC)
- Office of Environmental Management Acting Assistant Secretary David Huizenga issued Authority to Proceed
 - Development of implementation plan for EM integration into SCMC
- Under Secretary Thomas D'Agostino issued NNSA/EM Strategic Sourcing Partnership (SSP) Authorization Memo
- EM Field Managers briefed on SSP
- Information session with major EM Contractors

EM SSI

- **Definition:** 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
- **Objective:** Establish an enterprise-wide effort to initiate more robust, integrated strategic sourcing across EM Sites
 - Leverage purchasing power to gain pricing, processing, and reporting efficiencies
 - Leverage proven SCMC sourcing tools, software platforms, processes and infrastructure

SCMC Overview

What it is

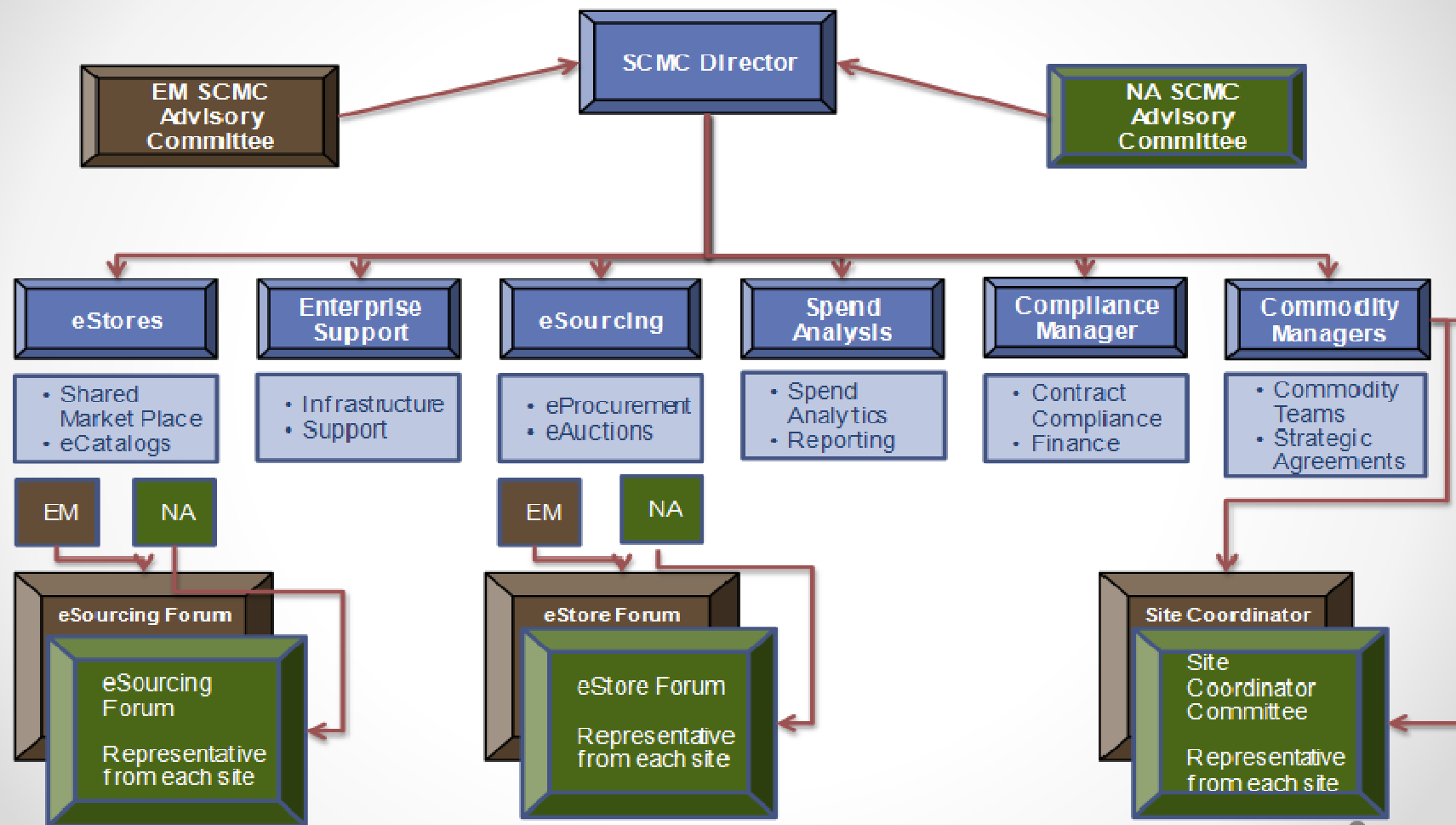
- Enterprise-wide sourcing system to leverage EM and NNSA spend
- Structured, funded approach to acquisition cost savings
- Commodity teams responsible for data collection, commodity strategy, reporting and delivering savings
- A commercial best practice



What it is not

- Does not shift procurement budgets from individual sites
- Does not remove execution of spend from individual sites
- Does not replace local purchasing organizations
- Does not replace systems already in place
- Does not take “credit” for Small Business Contracting Activity
- For procurement of everything

SCMC Governance Model



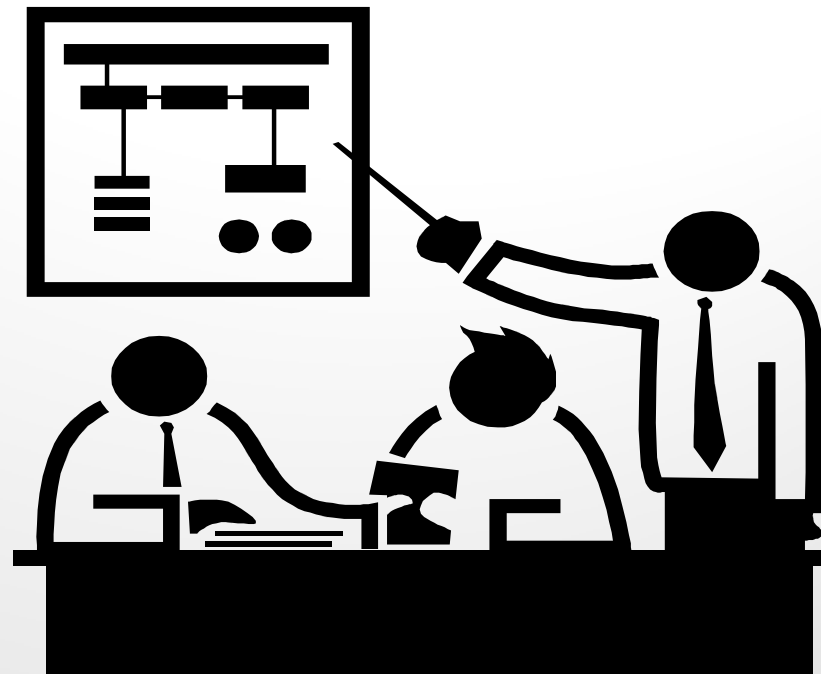
FY2012 EM SCMC Implementation Objectives

- **Finalize Business Process Overview Memorandum of Understanding (MOU) (Contractor Procurement Directors)**
- **Implement EM SCMC Pilot in place at SRS**
- **Establish EM Access to NNSA Portal and SCMC eSourcing tools**
- **Consider Phased Site Implementation**
- **Establish EM SCMC Score Card**
- **Achieve costs savings greater than cost of implementation**

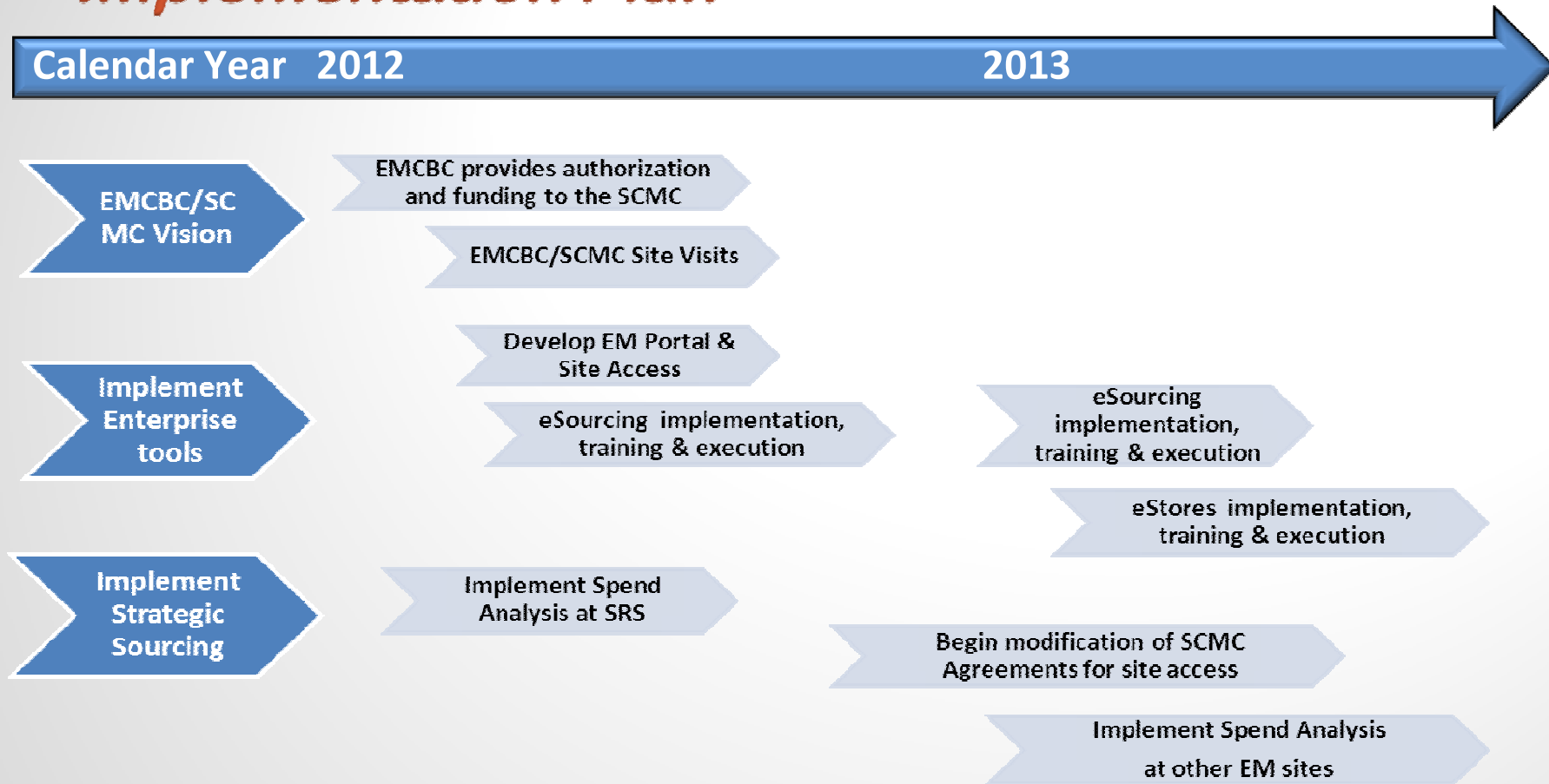


Driving Success

- Contractor led initiative
- Active contractor participation is critical
- Measured, methodical implementation
- Tailored approach based on cost/benefit
 - Project duration
 - Annual spend
 - Contract status
 - Other



Implementation Plan



- Operating and achieving enterprise-wide cost savings by the end of FY2012
- Savannah River selected as pilot site for EM SCMC implementation



Notional EM Score Card

Key Milestones

- Site implementation schedule for SCMC Tools, Portal modifications and access, modify Software licenses and maintenance orders,
Site use of SCMC Tools,

Multi-Site Objectives

- Report site savings for eSourcing events to meet or exceed implementation costs.

Cost Savings

- Savings from eSourcing - \$\$.

SCMC Implementation Costs

- eSourcing training , Staff support, eStore and Spend Analysis implementation, Software licenses and maintenance support, site hosting , Portal modification

Site Activity	SRS	RL	ORP	INL	WVDP	CBFO	OR	PPPO	Totals
MOU signed									
eSourcing Capability									
# of complete esourcing events									
# of in-process esourcing events									
# of forecast eSourcing events									
\$ savings from completed eSourcing events									
\$ forecast eSourcing savings									
eStore Capability									
# of eStore Orders processed									

Combined Savings from eSourcing		
	# of eSourcing events	Total Savings
2nd Q		
3rd Q		
4th Q		
Total		

Highlights:



Next Steps

- Finalize/Sign MOU
- Data Gathering and Analysis (Site Visits)
- Deploy full suite of SCMC tools at SRS (pilot site)
- Develop Phased Site Implementation Plan
- EM Site Access to NNSA Portal & E-Sourcing Tool
- Finalize and Publish EM Score Card
- Add EM SCMC Performance Objectives to Participating Site Contracts
- Achieve FY12 Cost Savings of \$1.5M
- Expand and mature in FY2013 and beyond

