



U.S. DEPARTMENT OF
ENERGY

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

***U.S. Department of Energy
Office of Environmental Management
Strategic Sourcing Initiative***

**Dave Hess
Procurement Director
Environmental Management
Consolidated Business Center**

***Waste Management 2013: Technical Session #65
US DOE Procurement and Contracting Opportunities***

February 27, 2013

Strategic Sourcing



"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

EM's Strategic Sourcing Initiative

➤ What is it?

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

➤ Why is EM doing it?

To maximize taxpayer value for every acquisition dollar spent

➤ How is EM doing it?

By integrating EM's major prime contracts into NNSA's existing Supply Chain Management Center (SCMC) to create an NNSA/EM enterprise wide strategic sourcing solution

EM's Strategic Sourcing Initiative

- **How is EM accomplishing it?**
 - **Implementing Strategic Sourcing processes and tools on an NNSA/EM wide basis**
 - **NNSA and EM Portal, Spend Analysis, Supplier Performance Management, eSourcing, eStore, eProject**
 - **Enhanced purchasing coordination between prime contractors**
 - **Maximize value of supplier relationships**
 - **Greater standardization of acquisition processes**
 - **Accelerates delivery and reduces total cost**
 - **Improved knowledge sharing mechanisms**
 - **Supplier intelligence and market analysis**
 - **Leveraging small business capabilities**
 - **Being mindful of regional socio-economic concerns**

EM's Strategic Sourcing Initiative

- **How is EM accomplishing it?**
 - **Establish NNSA/EM cross functional acquisition strategies**
 - Evolve from local to global
 - **Minimize the total cost of ownership for acquired goods and services**
 - Leverage proven SCMC sourcing tools
 - **Support fulfillment of socio-economic acquisition goals**
 - Leverage regional suppliers
 - **Reduce the total cost of acquisition business processes**
 - Increase efficiency and consistency
 - **Improve the strategic sourcing skills of the EM major contractor acquisition community**
 - Train and improve
 - **Achieve costs savings greater than cost of implementation**

EM's Strategic Sourcing Initiative



- **How is EM accomplishing it?**
 - **EM Primes are Key to Success**
 - **Contractor led initiative**
 - **Active contractor participation is critical**



EM's Strategic Sourcing Initiative

➤ Where is it being done?

Savannah River

Savannah River Remediation LLC
Savannah River Nuclear Solutions
Parsons



WIPP

Richland

Washington Closure Hanford, LLC
CH2MHill Plateau Remediation Company
Mission Support Alliance, LLC



ORP



SRS

Office of River Protection

Bechtel National, Inc.
Washington River Protections Solutions, LLC

ORP

Idaho

CH2M-WG Idaho, LLC
Idaho Treatment Group, LLC



Hanford

EM's Strategic Sourcing Initiative

➤ Where is it being done?

Oak Ridge

UCOR, LLC

WIPP

Nuclear Waste Partnership LLC

Portsmouth

Fluor B&W Portsmouth LLC

Wastren Energx Mission Support

Babcock and Wilcox Conversion Services LLC

Paducah

LATA Environmental Services of Kentucky

Swift and Staley Inc.

Babcock and Wilcox Conversion Services LLC

West Valley

CH2MHill B&W West Valley LLC



ORP



EM's Strategic Sourcing Initiative



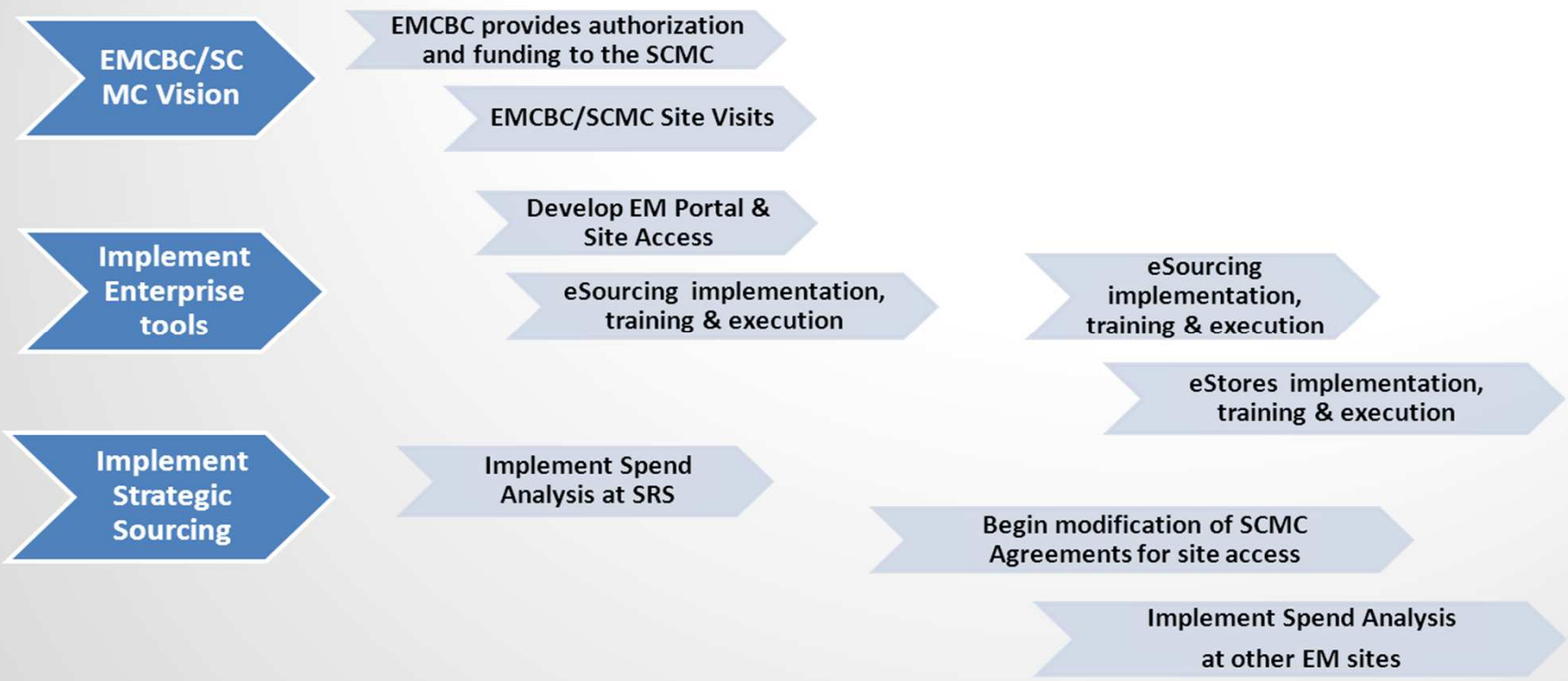
What it is

- 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

Implementation Plan



FY2012 EM SCMC SCORECARD

MILESTONES

All Contractors Sign the MOU

Completed

Stand up an EM Portal

Completed

Demonstrated eSourcing capability at three Site Contractors

Exceeded

Provide a FY2013 Implementation plan and budget

Completed

Achieve savings of \$1.5 Million

Exceeded

Establish SRS as the Pilot site for SCMC Tools

Completed

FY2012 Activity								
eSourcing Activities	SRNS	WRPS	SSM	LATA KY	SRR	CHPRC	Parsons	Totals
MOU signed	x	x	x	x	x	x	x	18
eSourcing Capability	x	x	x	x	x	x		6
# of complete eSourcing events	26	25		3	6	1		61
# of in-process eSourcing events	5	2	1	2	2			12
# of forecast eSourcing events	13	8						21
\$ forecast through eSourcing tool	\$23.2M	\$22M						\$45.2M
\$ savings from completed eSourcing events	\$93K*	\$1.8M		\$22K	\$10K	\$239K		\$2.1M
\$ savings from commodity agreements							\$34K	\$34K
Total achieved savings								\$2.2M

EM SCMC Savings - FY2012



FY12 Goal – \$1.5M

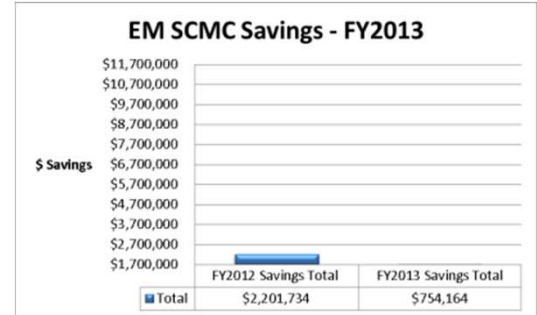
*10% Cost Savings is Allocated to NNSA

EM FY2013 SCMC Activities

EM Field Offices	EM Project	eSourcing		Events ran	eSourcing tool spend			eStore		eStore utilization	Commodity Agreement Savings	Total Savings	
		Sch'd date	Comp		Target	Target	Actual	Sch'd date	Comp	Monthly Actual		Total Savings	
													Target
SRS	Salt Waste-PAR	Dec FY12	On Target	3	\$3.7M	\$367k		Feb FY13			\$89k	\$89k	
	SR M&O - SRNS	Oct FY12	On Target	12	\$16.7M	\$1.67M		Oct FY12	On Target	1803	\$157k	\$157k	
	Liquid Waste-SRR	Jun FY12	On Target	6	\$2.7M	\$274k		Feb FY13			\$8k	\$8k	
ORP	Tank Ops - WRPS	Apr FY13	On Target	18	\$13M	\$2.5M	\$433k	Apr FY13			\$18k	\$451k	
	WTP-BNI	May FY13			\$5M	\$750k		Apr FY13					
RL	Plateau Remediation-CHPRC	Nov FY12	On Target	12	\$27M	\$2.7M	\$45k	Jul FY13			\$2k	\$48k	
	RCC-WCH	Nov FY12	On Target		\$150k	\$15k		Apr FY13					
	Mission Support-MSA	Nov FY12	On Target		\$2.5M	\$250k		Jul FY13					
OR	ETTP-UCOR	Feb FY13			\$15M	\$1.5M		Feb FY13					
ID	AMWTP-ITG	Apr FY13			\$306k	\$30k		Mar FY13					
	ICP-CWI	Apr FY13			\$1.4M	\$146k		Mar FY13					
PPPO	DUF-6 - BWCS	Apr FY13	On Target		\$520k	\$52k		Mar FY13					
	Ports Support-WEMS	Jan FY13	On Target		\$250k	\$25k		Mar FY13			\$969h	\$969h	
	Paducah Remediation-LATAKY	Jun FY12	On Target	3	\$5.6M	\$393k		Nov FY13	On Target				
	SST	Jun FY12	On Target	1	\$66k	\$6.7k		Nov FY13	On Target				
	Ports D&D-FBP	Jan FY13	On Target	2	\$2.3M	\$235k		Mar FY13					
WIPP	WIPP M&O-WIPP	Feb FY13	On Target		\$4.2M	\$400k		Feb FY13					
WVDP	Phase 1 Decon-CHBWW	Mar FY13			\$294k	\$29k		Mar FY13					
FY13 Total Savings				57	\$101M	\$11.4M	\$478k			1803	\$276k	Target: \$11.4M, Actual: \$754k	
FY12 Goal Summary	eSourcing Savings			SCMC Commodity Agreement Savings			Total Savings						
	\$2.1M			\$34K			\$2.2M (Goal \$1.5m)						

EM FY2013 SCMC Scorecard

FY2013 Cost Savings Goal: \$11.4M



Spend Analysis Milestones		
EM Project	Target date	Completed
Tank Ops-WRPS	FY2013	
Mission Support-MSA	FY2013	
Plateau Remediation-CHPRC	FY2013	
ETTP-UCOR	FY2013	

Multi Year Contract Milestones		
Action Item	Target date	Completed
Identify the universe of major EM multiyear agreements	March-13	
Identify FY14 multiyear strategy and metric	July-13	



On Target
In Jeopardy
Missed

