

U.S. Department of Transportation

Strategic Sourcing Plan

January 2006

I. Introduction

This planning document defines the DOT-Wide Strategic Sourcing (DWSS) Program, its purpose, features, functions, and objectives, and the steps necessary to institutionalize the Program within the Department of Transportation (DOT). The DWSS will build on the existing capabilities, activities, and organizations already existent within the Department for this purpose.

Established by the Senior Procurement Executive (SPE) in coordination with the offices of both the CIO and CFO, the purpose of the Program is to ensure improved efficiencies and economies in the Department's acquisition programs. The long-term objective of the program is to transform the Department's acquisition process from a tactical and reactive function to a strategically driven function that ensures maximum value for every acquisition dollar spent. DWSS will accomplish this goal by implementing strategic sourcing processes on a Department-wide basis, driven by strategic planning, an in-depth understanding of internal purchasing needs, and insight and knowledge of supply markets. DWSS will apply a centralized, cross-functional/cross-business unit strategic sourcing approach to the entire DOT enterprise. In doing so, the Department can begin to look for opportunities to create efficiencies and enhance the value of acquisitions across the entire organization. Such opportunities include:

- Enhanced purchasing coordination across the Department's procurement offices to leverage purchase volumes and ensure supplier price uniformity for comparable goods and services;
- Greater standardization of acquisition processes to deliver supplies/services more quickly to end users and streamline the total acquisition lifecycle;
- Improve knowledge-sharing mechanisms across the Department to exchange supplier intelligence, market analysis, and acquisition best practices; and
- Optimally leverage small business capabilities to meet the Department's socio-economic based acquisition goals.

I.1 Purpose of Plan

The purpose of the strategic sourcing plan is to define the steps necessary to institutionalize the DWSS Program within DOT, including leveraging the Department's existing capabilities. This plan provides guidance for the structure, management and operations of the DWSS Program, taking into consideration the unique structures and inherent complexities of the DOT acquisition and program environments. Specific objectives of the plan are as follows:

- Describe the DOT environment within which the DWSS Program will be operating, including identification of key internal and external stakeholders.

- Define the DWSS governance structure that will engage and connect the right people from across the Department and create a manageable and sustainable framework for long-term collaboration and sourcing strategy implementation.
- Outline the roles and responsibilities of DWSS Program participants involved in developing, implementing and managing commodity sourcing strategies.

This plan is a working document that will be updated periodically over the life of the Program as new priorities, policies and requirements emerge. Key stakeholders from the DOT agencies have provided input to the plan. Stakeholder input gathered during presentations and one-on-one interviews has been used to define the program governance structure and operational processes, as well as address unique issues and concerns pertaining to DOT.

I.2 Document Structure

The remainder of this document is organized into the following chapters:

- **Part II: DWSS Background and Status** – Provides the background leading up to DWSS and the current status of the DWSS.
- **Part III: DWSS Program Vision, Objectives, Processes, and Performance Metrics** – Provides a general overview of the DWSS Program, including program vision, objectives, key stakeholders, overarching strategic sourcing process, anticipated benefits.
- **Part IV: DWSS Program Design, Governance, and Operation** – Outlines the high-level program structure, including program design considerations, the proposed governance structure, and operational roles and responsibilities.
- **Part V: Communications and Training Strategies** – Addresses how the DWSS Program and its activities will be communicated throughout the DOT organization as well as how affected personnel will be trained to support the implementation of strategic sourcing initiatives.

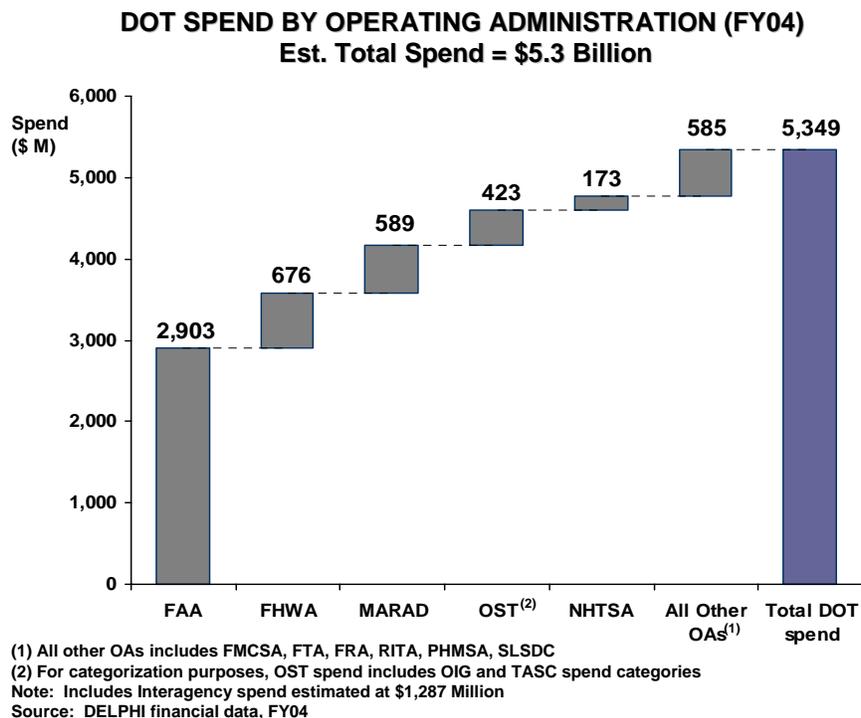
II. Overview and Status of Strategic Sourcing in DOT

II.1 Overview

The Department of Transportation spends over \$5 billion annually on purchases of goods and services. In terms of commodities, professional services that support transportation research, air traffic management, federal highway construction, and transportation safety account for a large portion of spend. Other large spending areas include facilities and information technology.

Of the 11 Operating Administrations within DOT, the Federal Aviation Administration (FAA) is by far the largest in terms of procurement spend and represents over 50% of total DOT spend on goods and services, or \$2.9 Billion.

Figure 1: Overview of DOT Procurement Spend



In the past, DOT acquisition has primarily been viewed as a back-office function, largely focused on tactical purchasing activities. Recently, a number of commodity specific projects/programs have been initiated with the goal of implementing a more coordinated Department-wide approach for acquisition. These opportunities are primarily in the area of information technology and include enterprise software licenses as well as blanket purchase agreements for IT hardware and office supplies. Additionally, the FAA has recently initiated its own independent strategic sourcing effort.

DOT leadership recognizes that a more organized, systematic and collaborative approach to sourcing goods and services – a *strategic sourcing* program – is critical for capturing greater value from the enormous amount of dollars spent on acquisitions. DWSS is the first organized program to apply a strategic sourcing approach to the *entire DOT enterprise*. In doing so, DOT can begin to look for opportunities to create efficiencies and enhance the value of acquisitions across the entire Department.

The Department-wide program must take into account the various missions of each operating administration. In particular, the large size and acquisition independence of the FAA must be incorporated into the governance structure for the program.

DOT initiated its strategic sourcing effort in FY 04, in order to address the need to consolidate information technology, in preparation for the Department’s transition to a new headquarters building. Policy jointly signed by the CAO and CIO requiring coordination of IT requirements with Operating Administration CIO’s was disseminated department-wide. Through this

coordination process, common requirements are identified. As a result, proposals are forwarded to the Architectural Review Board to determine if a Commodity Council should be formed to further scope the requirement and to perform market research. Enterprise-wide contracts (e.g., Oracle licensing agreement) have resulted from this process. A Commodity Council for Section 508 software was recently completed. A Hazardous Materials Commodity Council is in process; and an Enterprise Information Management Commodity Council (which consolidates a number of smaller Commodity Councils which previously existed) is scheduled to begin during the 3rd quarter FY06. In addition, pricing agreements have been established under the Purchase Card Program with Staples and Boise-Cascade Office Products to leverage the Department's spend for office supplies.

DOT plans to build on the existing infrastructure for IT acquisitions to develop the DWSS. This will allow the Department to utilize resources efficiently and to apply lessons learned. DOT has also contracted with Censeo Consulting Group to support the implementation of the Department-wide Strategic Sourcing Program.

II.2 DWSS Status

In May 2005, the Office of Management and Budget (OMB) issued a directive requiring federal agencies to establish formal strategic sourcing programs. The Senior Procurement Executive (SPE), Chief Financial Officer (CFO) and Chief Information Officer (CIO) have been given the responsibility for the development and implementation of a strategic sourcing program.

To date, DOT has identified and submitted three commodities to OMB for strategic sourcing. These commodities represent a combination of newly identified strategic sourcing opportunities as well as existing strategic sourcing efforts:

1. Office Supplies
2. Furniture and furnishings
3. Software

The Department is currently working to put in place a strategic sourcing governance structure which will enable the implementation of these commodity opportunities as well as others that have been identified.

DOT's strategic sourcing program, as detailed herein, will build upon the aforementioned accomplishments as well as establish a formalized, more cohesive and disciplined program, consistent with OMB's direction, for the conduct of DOT's future strategic sourcing efforts.

III. DWSS Program Vision, Objectives, Process, and Performance Metrics

III.1 DWSS Program Vision

The vision for DWSS is to improve mission responsiveness by continuing to transform the acquisition process from a tactical and reactive function to a strategically driven function that ensures maximum value for every acquisition dollar. The DWSS Program is critical to achieving this broader transformation of the acquisition function.

III.2 DWSS Program Objectives

In order to achieve this transformation, DOT stakeholders have identified six core objectives for the DWSS Program:

- ***Objective 1: Reduce the Total Cost of Ownership for acquired goods and services.*** Through an understanding of all costs related to the acquisition, use and disposal of acquired good or service, DWSS will minimize the Total Cost of Ownership. Costs may be internal to DOT or external costs of working with suppliers.
- ***Objective 2: Improve and optimize supply relationships.*** DWSS will help the Department evolve from a traditional, stove-piped local purchasing orientation and, where appropriate, facilitate the collaborative development of Department-wide sourcing strategies for target commodities.
- ***Objective 3: Improve responsiveness to customer needs.*** DWSS will enable the Department to be more responsive to the needs of its users by improving the efficiency of DOT procurements as well as developing a more comprehensive understanding of customer requirements.
- ***Objective 4: Standardize business processes and practices across the Department.*** DWSS aims to improve the efficiency and consistency of DOT procurements by implementing standardized acquisition business processes throughout the Department.
- ***Objective 5: Standardize and consolidate requirements, when possible.*** DWSS will enable the standardization and consolidation of requirements from across Operating Administrations (OA), when possible, to improve procurement efficiency and ensure that maximum value is captured.
- ***Objective 6: Meet or exceed socio-economic goals.*** DWSS will ensure the utilization of small and disadvantaged businesses and fulfillment of socio-economic programs by matching small business capabilities to the Department's requirements.

III.3 DWSS Program Process

The DWSS Program is based on the Strategic Sourcing Process illustrated in the figure below.

Figure 3: Strategic Sourcing Process



The process consists of an Opportunity Assessment and five main steps. The Opportunity Assessment is a periodic (or continuous) analysis that leads to identification of the top commodities for strategic sourcing. Steps 1-5 represent the repeatable strategic sourcing process applied to each commodity targeted for strategic sourcing.

- **Step 1: Profile Commodity** – Develop a detailed commodity profile based on robust requirements, process, Total Cost of Ownership, and spend analysis. Leads to the identification of key findings and sourcing opportunities.
- **Step 2: Conduct Supply Market Analysis** – Conduct market analysis to understand industry structure and market segments, trends, cost structure, competitive dynamics, and available sourcing levers.
- **Step 3: Develop Commodity Strategy** – Develop an organization-wide sourcing strategy to exploit the sourcing levers identified as part of the Commodity Profile and Supply Market Analysis.
- **Step 4: Implement RFx (Request for Proposal or Request for Quotation) and Negotiate** – Engage the supply community in order to award contract vehicle(s). Includes developing and issuing the RFx based on the commodity strategy developed in Step 3, conducting negotiations, and awarding contract(s).
- **Step 5: Implement and Manage Performance** – Implement contract processes and policy changes necessary to ensure the successful implementation of the commodity sourcing strategy. Continually measure, track and manage performance.

III.4 DWSS Program Performance Metrics

Performance measurement, both at the DWSS Program level and at the commodity level, is critical to ensuring success of the DWSS Program. While program level metrics are higher level and generic in nature, commodity level metrics will tend to vary by commodity.

The primary metrics used to measure performance at the program level include:

| Program Level Metrics | |
|---|--|
| Metric | Description |
| # Commodity Teams Initiated | <ul style="list-style-type: none"> Total number of commodity teams continuously engaged in managing a commodity |
| # Commodity Strategies Developed | <ul style="list-style-type: none"> Total number of sourcing strategies developed by commodity teams |
| % of Spend Addressed Through Strategic Sourcing | <ul style="list-style-type: none"> Total spend volume being sourced through commodity teams as a percentage of total addressable Department spend |
| Small Business Utilization | <ul style="list-style-type: none"> The total small business spend for commodities being strategically sourced. |

Commodity level metrics are highly dependent on the data available for each commodity. Savings impact should generally be limited to “hard” savings that can be measured. “Soft” savings, such as process related savings/avoided costs, are subjective and difficult to measure.

IV. DWSS Program Design, Governance, & Operation

IV.1 DWSS Program Design

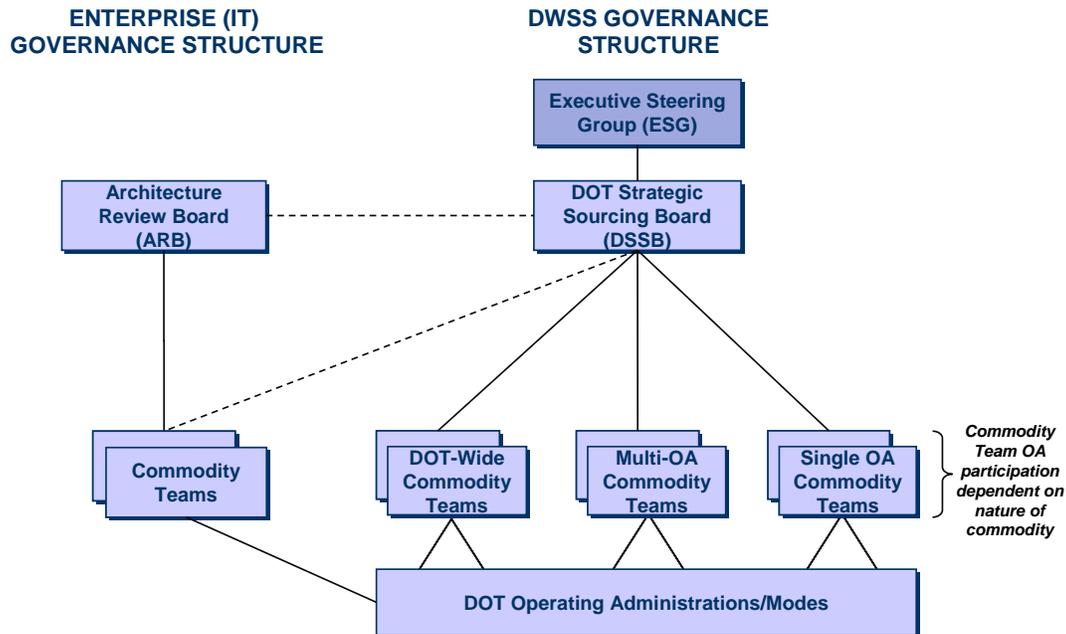
The DWSS Program Design is based upon three primary design principles:

- **Coordination and Collaboration.** The structure of the DWSS Program should facilitate cross-OA collaboration on requirements, processes, and standards to maximize DOT-Wide benefits while at the same time accounting for the unique differences and autonomy required by each OA. All key stakeholders should have a voice in the design and ongoing evolution of DWSS.
- **Flexibility.** The DWSS Program design must allow for variation in commodity and OA requirements and customer needs.
- **Control.** Ultimately, DOT OAs must determine appropriate sourcing strategies based on their specific needs and requirements. Thus, OAs will retain control of implementation of commodity sourcing strategies, as appropriate.

IV.2 DWSS Governance Overview

Based on the design considerations in the previous section, the DWSS governance structure shown in Figure 4 has been developed. This model emphasizes centralized coordination through cross-functional, cross-OA representation. At the same time, execution of the strategic sourcing process occurs at the Commodity Team level, which is closest to the customers of a commodity. To apply strategic sourcing across the maximum amount of DOT spend, OAs may initiate and execute strategic sourcing at the agency or multi-agency level, not just at the DOT-wide level.

Figure 4: DWSS Governance Structure



Specific elements of DWSS Governance Structure include:

- **Executive Steering Group (ESG)** provides overall Program oversight and ensures stakeholder buy-in across the Department. The ESG is comprised of senior executives responsible for the successful implementation of DWSS.
- **DOT Strategic Sourcing Board (DSSB)** is a cross-functional and cross-OA group that includes representatives from the CIO, CFO, Procurement Management Council (PMC) or program offices. It is responsible for reviewing and approving sourcing strategies recommended by Commodity Teams, developing policies, setting standards. The DSSB is also responsible for overall coordination and program level activities.
- **Commodity Teams (CTs)** are responsible for executing the strategic sourcing process in its entirety, from commodity profiling to continuous commodity management. CTs are comprised of various personnel and headed by a Commodity Team Lead, typically from an end user/OA.
- Sourcing of IT products and services falls under the domain of the **Enterprise (IT) Governance Structure**. Consequently, Commodity Teams related to IT products and services will be managed through the IT organization. To ensure coordination and standardization of strategic sourcing practices, however, linkages between the IT Governance Structure and Strategic Sourcing Governance Structure are envisioned. As this organization is currently undergoing change, specific linkages are not currently defined. It is expected, however, that:
 - The Architecture Review Board (ARB) will link to the DSSB, including representation of an ARB member on the DSSB.

- The Commodity Teams within IT Governance Structure will follow the strategic sourcing process, as defined in this plan.
- The decision making processes related to sourcing of IT products and services will conform to the governance processes being defined by the CIO organization.

The DWSS governance structure is described in further detail in Appendix A.

IV.3 DWSS Governance Elements

IV.3.1 DWSS Executive Steering Group

The Executive Steering Group is comprised of key stakeholders that are accountable for the successful implementation of the DOT-wide Strategic Sourcing Program. This group will approve commodity strategies recommended by the DSSB as well as ensure Department-wide support for strategic program initiatives.

Executive Steering Group Primary Responsibilities

- Approve commodity strategies recommended by the DSSB
- Provide periodic progress reports and reports of accomplishments to the Secretary and annually to OMB
- Serve as guarantor of Department-wide support for DWSS initiatives, seeking support from the Secretary of Transportation for DOT-wide implementation as needed.

Prospective Members

- DOT Senior Procurement Executive (Chair)
- Director or Deputy Director, Office of Small and Disadvantaged Business Utilization
- Deputy Chief Financial Officer
- Deputy Chief Information Officer

IV.3.2 DOT Strategic Sourcing Board (DSSB)

The DOT Strategic Sourcing Board (DSSB) is the primary body within DWSS for vetting and approving sourcing strategies, as well as setting up program processes and standards. The DSSB establishes the standards, processes and policies governing the program, reviews and approves strategies recommended by the CTs, and ensures effective cross-OA coordination and knowledge sharing. The DSSB ultimately reports up to the Executive Steering Group (ESG).

DSSB Primary Responsibilities:

- Select and recommend commodities as well as Commodity Team directors for DOT-wide sourcing to the ESG
- Establish DWSS standards, business processes, and policies

- Determine any resourcing requirements for Program Support (e.g., communication, risk management, performance management)
- Oversee the establishment of Commodity Teams
- Ensure requirements gathering from across the Department
- Coordinate initiatives across Commodity Teams
- Submit sourcing strategies to ESG for final approval for DOT-wide roll out
- Act as liaison between DWSS Program and ESG
- Monitor overall program progress

Prospective Members

DSSB membership is envisioned as cross-functional and cross-OA, with 1-2 members representing each OA selected by the Operating Administrator. Experience level, knowledge, impact to functional operations and desire to participate in the strategic sourcing program should be considered as part of the selection criteria. In addition, the DSSB should include a representative from Architecture Review Board (ARB).

Potential OA representatives include:

- OA CFO / Deputy CFO
- OA CIO / Deputy CIO
- Procurement Management Council (PMC) member
- OA Deputy Administrator
- Architecture Review Board Member

Resources for DSSB

The DSSB will likely require resources to support the execution of the strategic sourcing process. These resources would perform program support functions including communication, change management, technology analysis and business process analysis. Support resources would also conduct analysis to engage stakeholders to determine whether commodities should be sourced on a DOT-wide basis or through other strategic approaches. These resources may be internal or contract supported.

IV.3.3 Commodity Teams

Commodity Teams are the key component for developing and executing sourcing strategies. Commodity Teams will execute a majority of the strategic sourcing process and present the resulting outputs to the DSSB. Given the importance of Commodity Teams, the structure and roles and responsibilities of Commodity Teams are covered in detail in Appendix B.

The following is a brief summary of the Commodity Teams' responsibilities.

Commodity Team Primary Responsibilities

- Conduct commodity-specific communications and outreach across DOT
- Identify and engage key stakeholders throughout the strategic sourcing process
- Develop detailed commodity profiles including spend profile, specifications and requirements
- Conduct market/industry analysis
- Develop and gain approval for sourcing strategies based on results from the commodity profile and the market analysis
- Manage/support “proof of concept” implementation of approved sourcing strategies
- Recommend plan for DOT-wide roll out
- Develop metrics for tracking progress and success of commodity strategies
- Continually monitor commodity strategy progress

Prospective members, including roles and responsibilities are defined in Appendix B.

V. Communications and Training Strategies

V.1 Communications Strategy

Developing proactive and targeted communications that anticipate and address stakeholder needs and issues is a critical element of the DWSS Program. An effective communications strategy will create awareness and knowledge of DWSS and its benefits across all stakeholders and facilitate “buy in”. A strong communications plan will also ensure program transparency and accountability. Furthermore, it will support cultural and behavioral changes required within the DOT Procurement Community, resulting in a more rapid adoption of strategic sourcing best practices throughout the Department.

Communication Plan Objectives

- Identify stakeholders that are directly or indirectly impacted by DWSS and understand their needs/issues
- Outline a “campaign-based” plan for communicating with both internal and external stakeholders, including messaging and tools to be used
- Offer DWSS leaders and managers a common framework they can refer to in developing communications to support program initiatives
- Prioritize communications based on unique stakeholder profiles and program phases

- Prevent communications from becoming a program “afterthought” – which can result in stakeholder confusion and frustration and potentially hurt adoption

DOT will enact multiple campaigns to manage stakeholder communications. Each campaign will incorporate both program-level and commodity-specific components. The timing of each campaign will vary based on the phase of the program and the timeline for each commodity. Campaigns will be executed through various communication tools, with many communications managed by the Commodity Teams.

Communications Campaign Types

- **Awareness** – Generate widespread awareness by communicating high-level program objectives, expectations and benefits
- **Program Performance** – Keep all interested stakeholders informed of program status and milestones; document program governance structure, major decisions and issues
- **Change Management** – Communicate types of changes and impact on each stakeholder group; detail new business processes and policies and explain their implications; identify linkages between DWSS and other programs
- **Knowledge Transfer** – Develop tools and processes for capturing and communicating best practices and lessons learned; ensure opportunities for stakeholders to gain knowledge through hands-on training programs

V.2 Training Strategy

A key component of the DWSS Program, the training strategy will ensure that personnel who support the program possess or obtain the requisite training to develop core competencies in strategic sourcing activities. The DWSS training strategy will also ensure that the organization is aligned to successfully address new requirements associated with strategic sourcing.

Training Strategy Goals and Objectives

- Develop a deep understanding of required skills for implementing strategic sourcing
- Create a process for assessing current capabilities of existing Department personnel against the required skill set to identify gaps
- Build a comprehensive training plan to address individual training needs during strategic sourcing implementation
- Develop training tools and processes for educating Department personnel; leverage existing training materials (e.g., strategic sourcing courses available through Defense Acquisition University) when possible

A critical first step in developing an effective training strategy is to understand the required skills for the shift to strategic sourcing. An overview of the types of strategic sourcing skills required is described below. While proficiency in these areas is required across the organization, it is not necessary for individuals to possess all of the skills listed.

Types of DWSS Skills Required

- **Team Building** – Leadership, decision-making, influencing and compromising
- **Strategic Planning Skills** – Project scoping, goal-setting, and execution
- **Interpersonal Communication Skills** – Presentation, public speaking, listening, and writing
- **Technical Skills** – Web-enabled research and sourcing analysts
- **Broader Financial Skills** – Cost accounting and making the business case
- **Relationship Management Skills** – Ethics, facilitation, conflict resolution, and creative problem solving
- **Legal Issues** – Contract writing, organizational conflict of interest

Appendix

Appendix A: Detailed Description of DWSS Governance Model

DWSS Governance Structure Detail

Under this governance model, the control of the commodity strategic sourcing process is somewhat centralized within the DSSB. However, the Commodity Team structure and membership will maintain a high degree of flexibility and will vary depending on the extent of cross-OA stakeholders for the commodity being sourced. For commodities with stakeholder representation from across all or many OAs, the DSSB will appoint a Commodity Team Director and will encourage team participation from across all DOT OAs. For commodities where key stakeholders are limited to one or a few OAs, DSSB will also appoint a Commodity Team Director; however, team representation may be limited to the single or few OAs interested in participating.

The DOT Strategic Sourcing Board (DSSB) will be comprised of PMC members or other senior representatives from each OA. This Board serves as the primary governing body for the DWSS program. The DSSB will likely require functional / analytical support to manage day-to-day program activities and provide support functions such as communications, change management, technology analysis, and business process analysis.

The DSSB will coordinate closely with the Executive Steering Group (ESG), which is comprised of key leadership from procurement as well the offices of the CIO, CFO and OSDBU. The ESG will provide overall Program oversight, approve recommendations provided by the DSSB, and promote stakeholder buy-in throughout the Department. Given the relative size and acquisition independence of the FAA, DOT should consider including the FAA CFO / Deputy CFO as a member of the ESG.

DWSS Linkage to DOT Enterprise (IT) Governance Structure

The DOT Office of the CIO is in the process of developing an Enterprise Governance Structure for IT services, software and infrastructure. The Enterprise Governance Structure is charged with evaluating and approving changes to enterprise architecture and evaluating IT investments.

The DWSS governance model will have a linkage to the DOT Enterprise Governance Structure. The rationale for linking these two governance bodies is to maintain consistency, prevent redundancy, and ensure that strategic sourcing decisions relating to information technology are incorporated into overall strategic sourcing plans, reports and metrics.

Although the Enterprise Governance Structure has not yet been finalized, a linkage to the Architecture Review Board (ARB) is currently envisioned for sourcing activities related to IT software and services. In addition, a linkage to the Change Control Board (CCB), which reports to the ARB, should be considered for sourcing activities related to IT infrastructure.

Appendix B: Detailed Description of Commodity Teams

Commodity Team Structure

Commodity Teams (CT) are responsible for the strategic sourcing process in its entirety, from commodity profiling to continuous commodity management. Membership for a CT will be dependent on commodity specific needs as well as the spend breakdown.

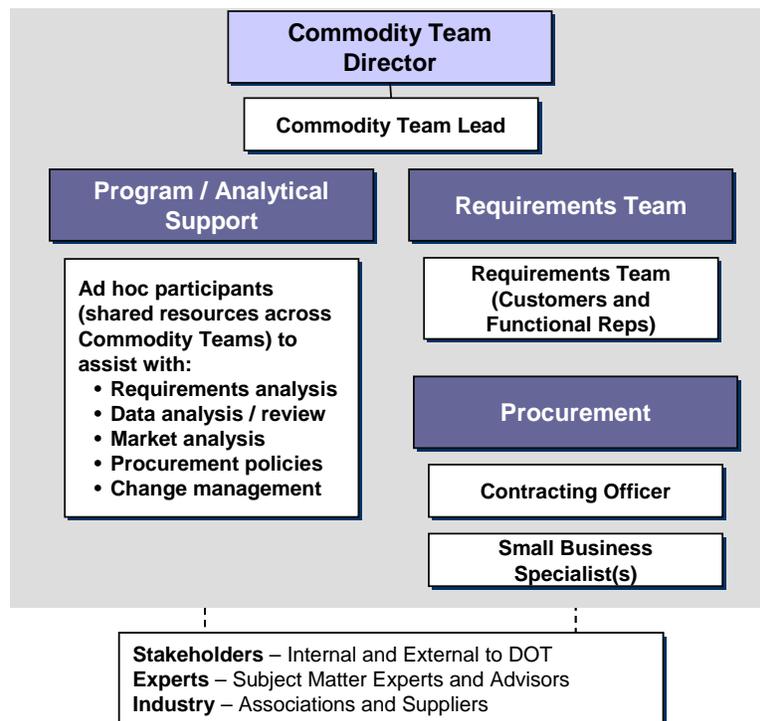
Members typically include (see Figure 6):

- Key customers impacted by the spend
- Functional/Subject Matter Experts
- Program/Analytical Support
- Procurement/Contracting

CTs are comprised of various personnel and headed by a Commodity Team Director. Additionally, a Commodity Team Lead, typically from an end user/OA, provides day-to-day direction to the team. Program/Analytical support resources require specialized strategic sourcing knowledge and may be shared across multiple commodity teams. Finally, the Procurement sub-team provides contracting authority and acquisition expertise.

The roles of each of the members of the CT are discussed in detail in the next section.

Figure 6: Commodity Team Structure



Commodity Team Leadership

The Commodity Team leadership is responsible for providing overall strategic direction as well as day to day management of the commodity. For some commodities, it may make sense to combine the roles of the Commodity Team Director and Commodity Team Lead.

| Role | Responsibilities | Qualifications |
|--------------------------------|---|--|
| Commodity Team Director | <ul style="list-style-type: none"> • Provide strategic direction to team • Approve work, including the Commodity Strategy, developed by the team | <ul style="list-style-type: none"> • Senior representative from OA/customer group or function (e.g. CIO) • Knowledge of commodity being purchased |
| Commodity Team Lead | <ul style="list-style-type: none"> • Provide day-to-day management to team • Ensure comprehensive gathering of requirements for organizational entities involved in the commodity • Present overall commodity strategy to Commodity Team Director • Continuously manage commodity | <ul style="list-style-type: none"> • Senior representative from OA/customer group or function, typically a level or two below Commodity Team Director • Knowledge of commodity being purchased • Understanding of strategic sourcing process and the resulting analysis |

Program/Analytical Support

Program/Analytical Support will be provided by ad-hoc participants as a shared resource supporting several commodity teams. This team provides support to conduct analyses required during the strategic sourcing process, including spend/data analysis, interviews and data gathering, market analysis, and requirements analysis. Given the technical nature of the work and level of expertise required, this work may be contracted out to a commercial vendor.

Requirements Team

The Requirements Team comprises individuals who are direct users of a commodity being acquired. The team leverages the expertise of the Requirements Analyst to provide input for requirements for their respective organizations.

| Role | Responsibilities | Qualifications |
|----------------------------------|---|---|
| Requirements Team Members | <ul style="list-style-type: none"> • Provide input for requirements for their respective organizations • Aggregate requirements provided by each OA into a master requirements document, for DOT-wide commodities | <ul style="list-style-type: none"> • Program Managers, directors, product group managers, functional managers, etc. that are direct users of commodity being acquired • Knowledge of requirements for their organizations |

| Role | Responsibilities | Qualifications |
|------|------------------|---|
| | | <ul style="list-style-type: none"> • Empowered to provide requirements input |

Procurement

The Procurement sub-team has the warrant authority to make contracting decisions and obligate funds for the Department. Additionally, the Small Business Specialists assists the commodity team in addressing socio-economic concerns.

| Role | Responsibilities | Qualifications |
|----------------------------------|--|---|
| Contracting Officer | <ul style="list-style-type: none"> • Provide advice/approve acquisition strategy • Conduct procurement | <ul style="list-style-type: none"> • Warrant Authority applicable for the commodity spend and scope of acquisition |
| Small Business Specialist | <ul style="list-style-type: none"> • Provide input regarding small business issues as they pertain to the commodity • Assist in development of small business strategy | <ul style="list-style-type: none"> • Knowledge of small business issues and programs |

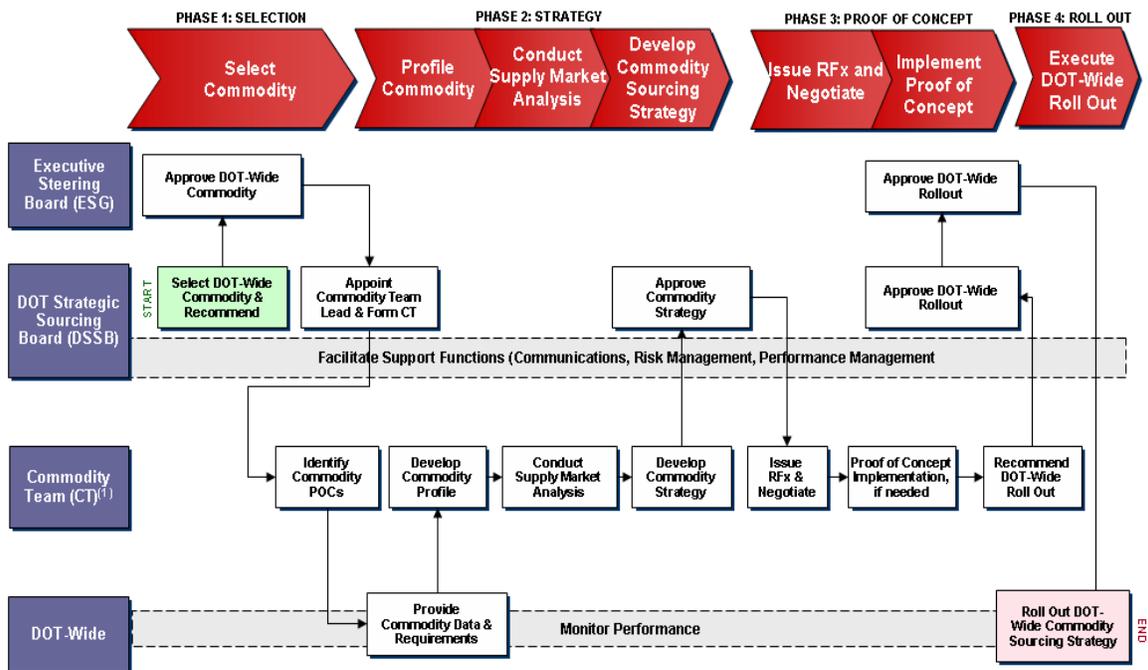
V. Commodity Management Process

The Commodity Management (CM) process, begins with the selection of a commodity to be sourced and continues over time with the management of that commodity. The process is based on the strategic sourcing process defined in Section III.3. The CM process is divided into four phases that include:

- **Phase 1: Commodity Selection** – Select and recommend a commodity candidate for DOT-wide strategic sourcing and establish the Commodity Team.
- **Phase 2: Commodity Strategy Development** – Apply rigorous and detailed internal and external market research to inform the development of a comprehensive commodity sourcing strategy.
- **Phase 3: Strategy Proof of Concept** – Conduct Proof of Concept implementation of the recommended commodity sourcing strategy within a few key OA stakeholders or within a specific region if deemed necessary by the Executive Steering Group.
- **Phase 4: DOT-Wide Roll Out** – Implements the approved commodity sourcing strategy across the DOT enterprise.

Figure 7 illustrates the high-level process and the roles that each of the key DWSS organizations plays within this process.

Figure 7: DWSS Four-Phase Strategic Sourcing Process and Related Roles



(1) Commodity Team may be formed within a specific OA depending on the extent of cross-OA usage of the commodity

Appendix C: Definition of Key Terms

Strategic Sourcing – This term refers to a data-driven process for systematically analyzing and developing optimal strategies for buying goods and services. The DOT strategic sourcing process uses a cross-functional approach, incorporates market intelligence and small business capabilities, and is inclusive of customer requirements.

Commodity – This term is used to broadly describe any good or service purchased by DOT. The term does not imply a level of complexity associated with the good or service being purchased.