

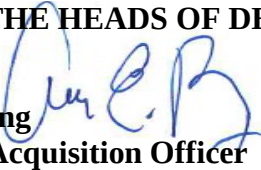


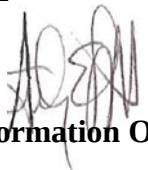
EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 4, 2016

M-16-20

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

FROM: Anne E. Rung 
U.S. Chief Acquisition Officer

Tony Scott 
U.S. Chief Information Officer

SUBJECT: Category Management Policy 16-3: Improving the Acquisition and Management of Common Information Technology: Mobile Devices and Services

Each year, the Federal Government spends approximately \$1 billion on mobile devices and service contracts.¹ Almost all of that spending is paid to four carriers, yet the Federal Government manages over 1,200 separate agreements and buys more than 200 unique service plans for voice, data, and text capability. Since the inception of the Office of Management and Budget's (OMB) PortfolioStat² and the publication of the Digital Government Strategy,³ agencies have made progress in mobile service management, such as through the creation of contract inventories and the establishment of a shared services contract vehicle under the General Services Administration (GSA). Agencies must seek to continue this progress by further reducing the high level of fragmentation and duplication of mobile contracts and by simplifying the Federal marketplace for these services. To that end, this memorandum is the third in a series of policies directing covered agencies⁴ to improve their Information Technology (IT) commodity management practices.

¹ For the purposes of this memo, mobile devices and services cover non-desktop, non-laptop, and small-form factor wireless end user devices, including hardware (including handsets, tablets, and wireless modems such as air cards) and associated software, maintenance, service (including network service, such as cellular voice and data plans), labor costs (including FTE), contract support, managed services, and other elements, but excluding help desk costs. https://www.whitehouse.gov/sites/default/files/omb/assets/egov_docs/fy17_it_budget_guidance_6_3_2015.pdf (Mobile Device Cost)

² <https://cio.gov/drivingvalue/portfolioestat/>.

³ <https://www.whitehouse.gov/sites/default/files/omb/egov/digital-government/digital-government.html>.

⁴ For purposes of this memo, "covered agencies" are those agencies listed in 31 U.S.C. § 901 (b)(1) and (b)(2). Additionally, all other "executive agencies," as defined in the OFPP Act, 41 U.S.C. § 133, and the Clinger-Cohen

The Government's adoption of category management principles as outlined by the Office of Federal Procurement Policy (OFPP)⁵ requires agencies to take new steps to improve the acquisition and management of mobile devices and services. Responsible information resource management requires agency consolidation of mobile devices and services across their enterprise and the development of appropriate strategies to meet agency needs in a cost-effective manner. To improve agencies' mobile service inventories and move to a Government-wide strategy for our common mobile service needs, covered agencies must take the following actions:⁶

- 1) report agency usage and eliminate unnecessary inventory and service on a quarterly basis;
- 2) reduce the number of contracts for mobile devices and services and transition to a Government-wide solution or solutions; and
- 3) modify demand management practices to optimize plan pricing and device refresh schedules.

Baseline Agency Usage for Devices and Services

The Federal Government cannot efficiently and effectively buy mobile devices and services if it does not have visibility into what it buys today or if it does not know what it needs to help fulfill agency missions. Too often, agencies buy excessive levels of service, such as unlimited data and minute plans, when a lesser amount of data or number of minutes pooled across many thousands of users would meet the demands of the agency without risk of overage charges. In many cases, agencies do not have documented procedures to assess device usage relative to service plan rates and have limited ability to determine if the device should be cancelled or moved to a more cost-effective service plan.

As required by OMB, covered agencies must report all mobile service usage and pricing data to the Integrated Data Collection (IDC) quarterly. OMB will then post all usage and pricing data to the Acquisition Gateway⁷ to assist other Federal agencies during the market research and award phases of any mobile contract acquisition. The reports must, at a minimum, identify the purchased service (including quantity of minutes, data, and number of text messages), the total monthly cost, and the actual utilization of this service. If a covered agency's existing contracts do not provide for usage reports, covered agencies shall modify these agreements, if in the best interest of the Government, to receive this information at least quarterly, but no less than semi-annually. Specific instructions for data submission, due by November 30, 2016, will be initially posted in MAX at this URL: <https://community.max.gov/x/LhtGJw>.

Act, 40 U.S.C. § 11101, are encouraged to apply the principles described in this memo to their management and acquisition of mobile devices and services.

⁵ <https://www.whitehouse.gov/sites/default/files/omb/procurement/memo/simplifying-federal-procurement-to-improve-performance-drive-innovation-increase-savings.pdf>.

⁶ Mobile service plans used exclusively outside the United States are exempt from this policy.

⁷ <https://hallways.cap.gsa.gov/app/#/>.

Optimize Agency Requirements

An enterprise-wide inventory and management strategy includes each device and associated service limits and rates, as well as documented procedures to assess device usage relative to service rate plans. These inventories allow agencies the ability to monitor device usage and determine if devices should be canceled or moved to a more cost-effective service plan. Further, a reliable inventory of mobile service contracts allows agencies to identify opportunities for consolidation and achieve cost savings. Covered agencies should continue to develop and maintain enterprise-wide mobile device and service plan inventories and leverage these inventories and usage reports on a quarterly basis to:

- examine the fragmentation of their mobile contract inventories and consolidate their requirements;
- optimize the level of service acquired by analyzing over- and under-usage, cost per minute and text, cost per user, cost per megabyte, and prices paid; and
- establish and enforce an agency-wide policy for identifying and terminating use of unused devices and services.⁸

Specific instructions for data submission, due by November 30, 2016, will be initially posted in MAX at this URL: <https://community.max.gov/x/LhtGJw>.

Transition to Government-wide Acquisition Strategies and Create Accountability

Consolidate Agency Requirements. To fully leverage the Government's buying power, improve the Government's management of its information resources and drive down costs, agencies must be able to select the right size of service by pooling resources and minimizing the risk of overage charges. Therefore, effective immediately, except as provided in this policy:

- all covered civilian agencies shall leverage the existing Government-wide GSA mobile solution,⁹ in accordance with commercial practices and FAR Part 8; and,
- the Department of Defense (DoD) shall leverage existing mobile solutions available through the Department of the Army, Department of the Navy, and the Government-wide GSA mobile solution.¹⁰

⁸ Agencies should evaluate both voice and data usage to determine if service should be terminated or temporarily suspended. Devices used infrequently for mission-critical requirements, such as law enforcement, intelligence, or emergency needs, are exempted from this memorandum, as are devices used to maintain a small inventory to manage the routine needs of device replacement due to loss or damage and the regular turnover of staff.

⁹ <http://www.gsa.gov/portal/category/100931>.

¹⁰ Approved solutions for DoD include the Next Generation Wireless BPA (W91RUS-11-A), jointly operated by the Departments of the Army and Air Force, the Department of the Navy IDIQ (N00244-12-D), and GSA Federal Strategic Sourcing Solution for Mobile.

By September 30, 2018, agencies are required to consolidate all of their minute and data requirements to one contract per carrier utilizing a Government-wide acquisition strategy, which may include more than one ordering solution (see below).¹¹

Define Government-wide Requirements. Taking the steps above will help agencies immediately reduce unnecessary mobile devices and services spending, and will better position them for leveraging the Government's vast buying power. To that end, subject matter experts representing all covered agencies must help shape future buying strategies and practices. Hence, the Category Management Leadership Council¹² established the Mobile Services Category Team (MSCT) to serve as the Category Lead for mobile devices and services moving forward. The MSCT is led by OMB, GSA, DoD, and the Department of Homeland Security, and is comprised of mobile devices and services subject matter experts. The MSCT will develop a strategic plan no later than October 31, 2016, to be evaluated annually, for at least one next generation Government-wide acquisition solution to be awarded prior to May 31, 2018. The strategic plan, including an implementation plan for mobile devices and services, should reduce the total cost of ownership and improve enterprise management of mobile technology while minimizing risk and redundancy. The roles and responsibilities of the MSCT are outlined in attached Appendix A.

Exceptions: As described in this memorandum, agencies are required to use an available Government-wide solution. In the event that covered agencies believe that any specific provision of this policy, such as contract re-negotiation and ramifications thereof, is counter to agency mission or not in the best interest of the Government under the particular circumstances, the agency may elect not to use the Government-wide solution, but must present a justification of an alternative procurement.¹³ The covered agencies shall analyze terms, conditions, pricing, performance, fees, and savings under the agency agreement relative to the approved agreements, document findings, and provide a justification of its business case with this information to the MSCT for approval no less than six (6) months prior to the exercise of each contract action, including exercise of options and issuance of task orders. Eighteen (18) months prior to any re-competition of these solutions, the covered agency must submit a transition plan to the MSCT that outlines how the agency will transition to the Government-wide agreement. To qualify for an exception, covered agencies are required to implement category management principles in the administration of those vehicles and must, at a minimum:

- receive quarterly usage reports and demonstrate how the reports have allowed the agency to consolidate requirements;
- measure and report rates of compliance by bureau, and monitor and address noncompliant spend outside of the mandated vehicle;
- collect and provide, upon request to OMB, the agency's mandatory use policy and critical contract data, including terms and conditions, and prices paid;
- actively participate in the MSCT; and

¹¹ 40 U.S.C. § 11314(a)(3).

¹² The Category Management Leadership Council is the group formerly known as the Strategic Sourcing Leadership Council (SSLC) and was established under M-13-02, Improving Acquisition through Strategic Sourcing: https://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-02_0.pdf.

¹³ 40 U.S.C. § 11314(a)(3).

- comply with additional guidance identified by OMB to ensure that the agency-wide vehicle continues to deliver the maximum benefit to the agency and that best practices and pricing are shared widely among the acquisition and IT community.

Agencies that cannot meet these requirements must transition to a Government-wide solution or solutions by September 30, 2018. Specific instructions for submitting requests for exemptions will be initially posted in MAX at this URL: <https://community.max.gov/x/LhtGJw>.

Transition Plans: Covered agency CIOs, in consultation with their Chief Acquisition Officers and Senior Procurement Executives, shall develop short transition plans to consolidate all of the agency's voice, data, and text requirements to one contract per carrier utilizing a Government-wide acquisition strategy. These plans must be submitted to OMB by November 30, 2016. The transition plan should also outline situations where agencies are unable to consolidate their mobile infrastructure, such as in remote locations, and the extent to which the existing GSA mobile solution will be used as a step toward this consolidation. These plans will be collected through the IDC. Specific instructions for transition plans will be initially posted in MAX at this URL: <https://community.max.gov/x/LhtGJw>.

Improving Demand Management Practices

The Federal Government should also evaluate the cost of the devices in a new service plan and the cost of replacing devices. Previous generation devices are typically equally capable of meeting all the requirements and needs of a Government user, and agencies may be able to acquire these devices at significantly lower prices than the latest models. Covered agencies should consider buying previous generation devices if functional requirements are met while reducing the total cost of ownership. In addition, covered agencies are encouraged to standardize device capabilities and features to the maximum extent possible. Within 120 days, the MSCT will publish guidance on the Acquisition Gateway on these and other best-in-class demand management practices.

Creating a Broker Model to Act as a Single Buyer

Today, GSA serves as the executive agent for the Government-wide acquisition solution and connects agencies to the mobile service providers. As such, GSA creates separate awards for similar or identical levels of service for multiple agencies. Additional cost savings can be achieved if GSA acts as a single buyer, or broker, on behalf of agencies and establishes a single pool of minutes and data for all contract holders. Under this GSA broker model, agencies would receive the benefit of cost savings as additional agencies use an existing agreement. This model encourages early adoption because all agencies, regardless of their adoption date, receive the same prices and benefits of acting as a single buyer. The MSCT shall work with the CMLC and Small Agency Council to conduct a feasibility study for small civilian agencies. Within 120 days, the MSCT shall provide a project and implementation plan for the study to OMB. Within one year, the MSCT shall report the results of the study to OMB, including an assessment of expanding the program across the Government.

Creating Accountability

One of the key principles of category management is ensuring accountability for the effectiveness and efficiency of agency mobile service contracts. Therefore, covered agencies should appoint a dedicated category lead, with a supporting team, for mobile devices and services. The official shall report to the agency CIO and will work closely with the Senior Procurement Executive and Chief Financial Officer to establish and maintain an agency-wide inventory of mobile contracts, identify opportunities for contract consolidation, track savings, make policy recommendations to the CIO, and perform other duties as necessary to meet the requirements of this policy. Covered agencies shall send the name and contact information of the agency mobile devices and services category lead to OMB by November 30, 2016, to MAX at this URL: <https://community.max.gov/x/LhtGJw>.

Improving the management of mobile service contracts is a critical step in information resource management and in improving value to the taxpayers. The actions described above will reduce duplication, improve pricing, and better leverage the Government's vast buying power. If you have further questions, please contact Meredith Romley in OFPP at (202) 395-4644 or mromley@omb.eop.gov.

Attachment: Appendix A

Mobile Services Category Team
Roles and Responsibilities

- A. Develop a strategic plan no later than October 31, 2016, to be evaluated annually, for at least one next generation Government-wide acquisition solution, to be awarded prior to May 31, 2018. The strategic plan, including the implementation plan for mobile devices and services, should reduce the total cost of ownership and improve enterprise management of mobile technology while minimizing risk and redundancy. In the development of the plan, the MSCT will, at a minimum:
- i. seek input from all covered agency CIOs to define requirements for the next generation Government-wide mobile devices and services solution to ensure sufficient flexibility is included in the offering to meet domestic and international mission requirements;
 - ii. engage users, including contracting officers, program managers, security officers, and technology officers, to evaluate the performance and value (including associated procurement transaction costs) of the current and next generation Government-wide mobile devices and services solution (or solutions) on a regular basis and address concerns as needed in accordance with OFPP guidance;
 - iii. seek guidance from relevant Federal entities to ensure that security, privacy, sustainability, accessibility (including 508), and other standards and requirements applicable to mobile device acquisition and leasing are in place to ensure compliance with Government-wide legislation and policies;
 - iv. engage industry and other entities for market research, as appropriate;
 - v. establish standards on, and enable collection of, data associated with management of mobile devices and understanding total cost of ownership concerning mobile devices and services;
 - vi. evaluate vendor performance and pricing and make recommendations to OMB on an annual basis to improve how the Federal Government buys and manages its mobile devices and services; and
 - vii. develop a new business case process for agencies to request agreements outside of the Government-wide strategy established under this effort.
- B. Recommend acquisition and demand management strategies to OFCIO and OFPP for dissemination through OMB guidance.
- C. Serve as a key liaison between the mobile devices and services industry and the Federal Government.
- D. Advocate in the CIO, CAO, and CFO communities for the adoption of Government-wide mobile devices and services solutions.

- E. Evaluate, in coordination with the CMLC, the feasibility of implementing a GSA Government-wide broker model for small civilian agencies by developing project plans and reporting on the results of the program.