




**PROCUREMENT MEMORANDUM 2019-05**

**DATE:** April 15, 2019

**MEMORANDUM FOR:** Chief Financial Officers  
Chief Information Officers  
Bureau Procurement Officials  
Heads of Contracting Activity  
Department of Commerce Purchase Cardholders

**FROM:** Karen Dunn Kelley   
Deputy Secretary of Commerce

**SUBJECT:** Department-wide Strategic Sourcing Policy

## **BACKGROUND**

In 2012, the Department of Commerce (DOC) established an enterprise-wide strategic sourcing program (SSP) to leverage the collective buying power of its bureaus and offices in the purchasing of common goods and services. The SSP has demonstrated success through significant cost avoidance for all business units in DOC and has accelerated ordering processes to better support mission requirements.

The SSP continually focuses on achieving five primary objectives:

- Lower overall unit pricing relative to the market;
- Eliminate redundant contracting actions for common goods and services and thus reduce burden on bureau contracting offices enabling them to concentrate on mission essential procurements;
- Centralize ordering processes resulting in accelerated requisition-to-order lead times;
- Enhance procurement data collection and fidelity to assess DOC spending and address OMB Data Act requirements;
- Achieve small business goals including socioeconomic goals.

The SSP is comprised of a portfolio of Strategic Sourcing Initiatives (SSIs). Each SSI is constructed based on a data-driven analysis of the Department's spending habits. The spending data is used to identify possible common goods and services for an SSI and to develop leveraged negotiating positions for the purposes of delivering the best value to the Department.

The purpose of this policy is to outline the Department's strategic sourcing policy and exception request process related to Department-wide SSIs.

## **POLICY**

Effective immediately, DOC Contracting Officers, purchasing agents, and purchase cardholders shall use the DOC SSP as described herein for all requirements met by available SSIs. The following ordering tenets apply to the Department's SSP:

- All SSIs listed on the ES Portal are mandatory-use, unless otherwise designated.
- All ordering from SSIs, except purchase card orders shall be conducted by ES, unless otherwise designated.
- Purchase cardholders shall place orders within their authority directly with the SSI Contractor on those SSIs for which purchase card transactions are authorized. For items/services on SSIs that do not provide for use of a purchase card, cardholders may purchase those items/services outside of the SSIs without following the waiver process identified below.

A current list of available SSIs is located on the ES Portal. The portfolio will be continually updated as new SSIs are added and will contain any alternative designations from the policy that are applicable to an SSI.

## **EXCEPTIONS**

The DOC SSIs are targeted for specific items or groups of items. The SSP does not dictate program requirements. There are two types of allowable exceptions from this mandatory use policy:

- 1) Unique Requirement Exception – A customer who requires an item or items not provided through the DOC SSP is naturally exempt.

An example is a customer who has a requirement for a high-performance Apple/Mac computer. If Apple/Mac computers are not available under existing SSIs, even if similar items like Dell computers are available, the action is waived. Purchase of these items should go through the regular servicing acquisition office. No additional documentation or approval is required.

- 2) General Exception – A customer who requires an item or items available under the DOC SSP must be granted an exception by the Acquisition Council, chaired by the SPE, before that item may be procured outside of an available SSI. The SPE, Deputy SPE, and Bureau Procurement Officials are the primary voting members. The rationale for the exception must be presented to the Acquisition Council members and subjected to a vote. The outcome of the vote will lead to one of the following actions:
  - a. Consensus to exempt an acquisition results in a waiver from the mandatory use of the SSP on the subject acquisition.
  - b. Non-Consensus to exempt an acquisition defers the exemption request to the DMC for a waiver determination.
  - c. OAM, with support from ES, will brief the DMC quarterly on all exemptions/waivers that were granted pursuant to paragraph a. of this section.

The SPE reserves the right to approve waivers for mission critical requests without waiting for a vote of the Acquisition Council.