Department of Energy
Washington, DC 20585

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MEMORANDUM FOR HEADS OF CONTRACTING ACTIVITIES AND
PROCUREMENT DIRECTORS

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SUBJECT: Standardized Cost Savings Definitions and Reporting Template

The Department is making progress in its efforts to support the Office of Management and Budget (OMB) Acquisition Savings Initiative as well as the Department's Strategic Sourcing Program. Notwithstanding, one of the challenges has been the reporting of cost savings and cost avoidance data through a common delivery method using a uniform set of definitions, guidelines, and savings categories.

When the Contractor Supply Chain Council (CSCC) was chartered, one of its primary objectives was to look for ways to improve acquisition business processes and systems. The Department tasked the CSCC with delivering a cost savings/avoidance reporting mechanism/methodology that is consistent in format and definition.

Attached is the final version of the definitions and reporting template resulting from the CSCC's efforts. In order to ensure all parties use a standard set of definitions and report format in reporting progress in achieving OMB's Acquisition Savings targets and the Department's strategic sourcing goals, you are required to use the attached template for reporting Fiscal Year 2012 data.

The established dates for submission of the populated report is 15 days after the end of the 1st through 3rd quarters, and 45 days after the end of the 4th quarter.

If you have any questions, please feel free to contact Jeff Davis by phone at 202-287-1877, or via email at jeff.davis@hq.doe.gov.

Attachments

Procurement Cost Improvements ($ Actuals)

SITE	Do Not Double Count	Strategic Sourcing	Acquisition Cost Improvements	Total Savings FY2011	Projected Savings FY2012
DOE/Site					
Site A	Q1 Actual	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	
	Site Total Actual	**$ -**	**$ -**	**$ -**	**$ -**
Site B	Q1 Actual	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	
	Site Total Actual	**$ -**	**$ -**	**$ -**	**$ -**
Site C	Q1 Actual	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	
	Site Total Actual	**$ -**	**$ -**	**$ -**	**$ -**
Site D	Q1 Actual	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	
	Site Total Actual	**$ -**	**$ -**	**$ -**	**$ -**
Site E	Q1 Actual	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	
	Site Total Actual	**$ -**	**$ -**	**$ -**	**$ -**
Site F	Q1 Actual	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	
	Site Total Actual	**$ -**	**$ -**	**$ -**	**$ -**
Site G	Q1 Actual	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	
	Site Total Actual	**$ -**	**$ -**	**$ -**	**$ -**
Site H	Q1 Actual	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	
	Site Total Actual	**$ -**	**$ -**	**$ -**	**$ -**
				Total Savings	**Total FY2012**
TOTALS	**Q1 Actual**	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	
	DOE Total	**$ -**	**$ -**	**$ -**	**$ -**

Procurement Cost Improvements ($ Actuals)

SITE	DO NOT DOUBLE COUNT	eSourcing Savings	Estimated Savings from Agreements	Other (Approved by CO)	Strategic Sourcing Subtotals	Additional Scope Achieved Within Estimate	Volume Discounts or Rebates	Transactional Savings via eCommerce and other System Improvements	P-Card Rebates	P-Card Transactional Savings	OTHER (Approved by CO)	Acquisition Savings Subtotal	Total Savings	Projected Savings FY2012
DOE/Site		Strategic Sourcing				Acquisition Cost Improvements								
Site A	Q1 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Site Total Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Site B	Q1 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Site Total Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Site C	Q1 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Site Total Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Site D	Q1 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Site Total Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Site E	Q1 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Site Total Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Site F	Q1 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Site Total Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Site G	Q1 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Site Total Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Site H	Q1 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Site Total Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
													Total Savings	Total Projected FY2012
TOTALS	Q1 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q2 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q3 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	Q4 Actual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	DOE Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Type	Definition
Strategic Sourcing Savings	In order for an acquisition activity to be considered "Strategic Sourcing", it must follow the basic steps as outlined below. Strategic Sourcing is an institutional procurement process that continuously improves and re-evaluates the purchasing activities of a company. The steps in a strategic sourcing process are: 1. Assessment of a company's current spend (what is bought where?) 2. Assessment of the supply market (who offers what?) 3. Total cost analyses (how much does it cost to provide those goods or services?) 4. Identification of suitable suppliers 5. Development of a sourcing strategy (where to buy what considering demand and supply situation, while minimizing risk and costs) 6. Negotiation with suppliers (products, service levels, prices, geographical coverage, etc.) 7. Implementation of new supply structure 8. Track results and restart assessment (continuous cycle)
Other Acquisition Savings	All other acquisition activities that result in cost savings. These savings are captured in the categories shown in the worksheet entitled Procurement Cost Improvements Tab.
Category	**Definition**
eSourcing Savings	Savings resulting from the use of an eSourcing tool. The savings reported herein must utilize a consistent predetermined method for calculating savings; 1) comparison to current award price to the last price paid, 2) comparison of current award price to an independently prepared estimate (example: comparison of construction award value to independent estimate prepared by outside firm), 3) comparison of current award value to requisitioner's estimate included on approved purchase requisition, 4) comparison of current award price to proposal received in response to a current solicitation. Example: Negotiation with selected offerors.
Estimated Agreements Savings	Savings resulting from the use of an Agreement. An agreement is defined as a long term, indefinite quantity, indefinite delivery award intended to establish pricing and best business values for the period of award. Examples include ICPT, SCMC, and Corporate Agreements, EWA, GSA, FSS.
Additional Scope Achieved Within Estimate	Value of additional products and/or services awarded within the authorized funded amount of the approved purchase requisition that were not included in estimate included on the purchase requisition. Example: Added options/scope negotiated into current contract award
Volume Discounts or Rebates	Savings resultant from the site/facility need relative to economic ordering quantity discounts offered by supplier. Example: Current requirement is qty=80, next price break qty=100
Transactional Savings via eCommerce and other System Improvements	Operational savings to organization realized through process improvements. Example: Current estimate is $79 per eCommerce transaction
P-Card Rebates	Amount of rebate received from financial institution on P-Card transactions
P-Card Transactional Savings	Operational savings to organization realized through use of P-Card program Example: Current estimate is $79 per P-Card transaction