



**BOSTON  
CONSULTING  
GROUP**

Proposal for Spend Analysis and Procurement  
Consulting Services for the Commonwealth of  
Virginia  
RFP No. 2382

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**Crosswalk of Commonwealth’s Statement of Needs**

<i>Phase</i>	<i>Activities</i>	<i>Response Section</i>
<b>Specific Plans for Providing Proposed Services</b>		
<b>Phase 1: Assessment and Initial Planning</b>	a. Review and confirm initial <u>addressable spend baseline</u> of \$9B	2.B.1
	b. Analyze full addressable spend <u>baseline across all categories</u> of spend to identify spend reduction opportunities	2.B.2
	c. Perform detailed <u>benchmarking analysis for each category</u> to size full opportunity for spend reduction	2.B.2
	d. Provide list of actions necessary to implement spending reduction opportunities	2.B.3
	e. Provide high level implementation roadmap: (1) assigning consultant(s) within agencies, (2) assists in contract negotiation efforts, (3) meet with legislature, if needed to provide independent expert perspective	2.B.4
	f. Identify improvements to source-to-pay process: (1) Map current source-to-pay process, (2) Identify opportunities to eliminate waste, (3) Propose a standardized process, and (4) Propose a best-in-class source-to-pay	2.B.5
	g. Identify opportunities to achieve full potential of savings in the Commonwealth: (1) Identify current structure and operational model, (2) Propose a best-in-class structure and operational model and identify gaps in best-in-class, (3) Develop a training program, as needed to address any gaps identified, (4) Perform a capacity and skill level assessment, and (5) Identify digital opportunities to improve efficiencies in procurement/payment analytics	2.B.5
	h. Provide suggested timelines to complete initiatives	2.B.6
	i. Identify possible <u>barriers or obstacles</u> to achieve full potential	2.B.6
	j. Provide report (Deliverable: Phase 1 Final Report) detailing the above and possible savings	2.B.7
	k. Phase 1 Implementation: Provide <u>proposal pricing to lead implementation</u> of the Phase 1 initiatives	2.B.8
<b>Phase 2: Detailed Planning and Implementation</b>	a. Provide a <u>portfolio of fully planned initiatives</u> to achieve best-in-class	2.B.9
	b. Provide a <u>detailed implementation plan</u> to include milestone tracking and value realization of all initiatives	2.B.10
	c. Provide <u>suggested timelines</u> to complete initiatives	2.B.10
	d. Provide on-going <u>progress reports and impact reporting</u> to ensure successful implementation and value realization (during and after implementation of initiatives)	2.B.10
	e. Provide <u>report</u> (Deliverable: Phase 2 Final Report) detailing the above (a-d)	2.B.11
	f. Phase 2 Implementation: Provide <u>proposal pricing to lead implementation</u> of the Phase 2	2.B.12
<b>Proposed Resourcing and Timeline for Completion of the Project</b>		
<b>Phases 1 + 2</b>	Proposed Resourcing and Workplan	2.B.13
	Diagnostic capabilities to identify challenges/barriers and provide recommendations	2.B.14



**1 Tab 1 - RFP, Addenda, and Attachments**  
**1.A RFP Cover Sheet – Completed Acknowledgements**



DEPARTMENT OF  
GENERAL SERVICES

# COMMONWEALTH OF VIRGINIA

DIVISION OF PURCHASES & SUPPLY (DPS)  
1111 East Broad Street, Richmond, Virginia 23219-1199

**REQUEST FOR PROPOSAL (RFP) #2382**  
**SPEND ANALYSIS AND PROCUREMENT CONSULTING SERVICES**

**Issue Date: April 26, 2022 • Due Date/Time: May 06, 2022 / 3:00 PM**  
**Contract Officer: Monique Curley • Email Address: monique.curley@dgs.virginia.gov**

**USING AGENCY AND/OR LOCATION WHERE WORK WILL BE PERFORMED:** Department of General Services / Division of Purchases and Supply (DGS/DPS) located at 1111 E. Broad Street, Richmond, VA 23219. Work to be performed in the location of the Contractor and Richmond, VA.

**PERIOD OF CONTRACT:** The period of the contract will be from date of award until the completion of the project as negotiated.

**PROPOSAL SUBMISSION:** All proposals must be received by the date and time shown for this solicitation by one of the following means listed below. Any paper proposals received after the stated time and date will be marked late and retained unopened in the file.

**Physical Delivery address:**

Department of General Services/Division of Purchases and Supply  
1111 E. Broad Street, 6<sup>th</sup> Floor, Richmond, VA 23219

**Electronic Response Submission:** Submitted via eVA.virginia.gov

**INQUIRIES FOR INFORMATION:** Questions regarding the solicitation **must be submitted in writing only** to Monique Curley via email at monique.curley@dgs.virginia.gov no later than 5:00 PM on May 2, 2022. Offeror should identify the email by noting the solicitation number "2382" in the subject line. Responses to clarifications may be posted in eVA's Virginia Business Opportunities (VBO). The identity of Offeror will not be published with the response. Formal changes to the solicitation, including but not limited to, contractual terms and procurement requirements, will only be changed by formal written addendum to the solicitation.

**PRE-PROPOSAL CONFERENCE:** Not Applicable

In compliance with this Request for Proposal (RFP) and all conditions imposed in this RFP, the undersigned firm hereby offers and agrees to furnish all goods and services in accordance with the attached signed proposal or as mutually agreed upon by subsequent negotiation, and the undersigned firm hereby certifies that all information provided below and in any schedule attached hereto is true, correct, and complete.

Name of Firm: The Boston Consulting Group, Inc  
Street: 4800 Hampden Lane  
Street: \_\_\_\_\_  
City/State: Bethesda, MD  
Zip Code: 20814  
eVA ID: VS0000091324  
DUNS: 090836248

Authorized Signature: \_\_\_\_\_  
Printed Name: Matthew Schlueter  
Title: Managing Director and Partner  
Date: May, 16, 2022  
Phone Number: (202) 834-6968  
Email Address: Schlueter.Matthew@bcgfed.com

**NOTE:** This public body does not discriminate against faith-based organizations in accordance with the *Code of Virginia*, §2.2-4343.1 or against an Offeror because of race, religion, color, sex, national origin, age, disability, sexual orientation, gender identity, political affiliation, or veteran status or any other basis prohibited by state law relating to discrimination in employment. Faith-based organizations may request that the issuing agency not include subparagraph 1.e. in General Terms and Condition C. Such a request shall be in writing and explain why an exception should be made in the Request for Proposal.

**1.B Attachment A – Completed Exceptions to RFP #2382**

**RFP #2382, Attachment A**

**EXCEPTIONS TO RFP #2382**

Name of Offeror: The Boston Consulting Group, Inc.

Unless stated on this form, all Offerors will be considered to have accepted all terms and conditions of the RFP and any amendments as issued without exception. Offerors who wish to propose modifications to the contract provisions must clearly identify the proposed exceptions including the section and page number(s) of the RFP, and submit any proposed substitute language; however, the provisions of the RFP cannot be modified without written approval by the DPS Contract Officer.

SECTION/TITLE	PAGE NUMBER(S)	PROPOSED SUBSTITUTE LANGUAGE

**1.C Attachment B – Completed Proprietary Information Identification Form**

**RFP #2382, Attachment B**

**Proprietary Information Identification Form**

Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the *Virginia Freedom of Information Act*; however, the Offeror must invoke the protections of § 2.2-4342F of the *Code of Virginia*, in writing, either before or at the time the data or other material is submitted. The written notice must specifically identify the data or materials to be protected including the section of the proposal in which it is contained and the page number(s), and state the reasons why protection is necessary. The proprietary or trade secret material submitted in the original and all copies of the proposal must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. In addition, a summary of proprietary information submitted shall be submitted on this form. The classification of an entire proposal document or entire sections of the proposal document, line-item prices, and/or total proposal prices as proprietary or trade secrets is not acceptable and may result in rejection of the proposal. If, after being given reasonable time, the Offeror refuses to withdraw such a classification designation, the proposal will be rejected.

Name of Offeror: The Boston Consulting Group, Inc. invokes the protections of § 2.2-4342F of the *Code of Virginia* for the following portions of my proposal submitted on May 16, 2022.

Date

Signature: \_\_\_\_\_



Title: Managing Director and Partner

DATA/MATERIAL TO BE PROTECTED	SECTION NO., & PAGE NO.	REASON WHY PROTECTION IS NECESSARY
Client references	1.D, pg. viii 3.B.1, pg. 35 Tab 5, pg. 49	Client names and contacts are confidential. Clients referenced in this proposal have given permission to be referenced for the benefit of the Commonwealth but not for broader public
Proposed Team Structure	Tab 4, pg. 43	Pricing is based on team structure and developed for each individual client and is considered a trade secret. Disclosure of this information would cause substantial injury to BCG's competitive position.
Personally identifiable information (e.g., phone numbers, email addresses)	1 D, pg. viii	Contact information is available for the benefit of the Commonwealth but not for general consumption.
Business proprietary information / trade secrets	Insights, pg. 3 Figure 4, pg. 5 Figure 8, pg. 12 2.B.2, pg. 11 Figure 11, pg. 14 Figure 12, pg. 14 Figure 13, pg. 15 Figure 14, pg. 16 Figure 15, pg. 17 Figure 16, pg. 18 Figure 19, pg. 20 Figure 20, pg. 22 Figure 33, pg. 33 Appendix, pg. 50	BCG has developed proprietary procurement tools over decades of work. These tools and their methodologies create the core of what BCG offers to its clients. Disclosure of this information would cause substantial injury to BCG's competitive position.

**1.D Attachment C – Completed Vendor Data Sheet**

**RFP #2382, Attachment C**

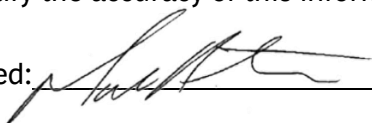
**VENDOR DATA SHEET**

The following information is required as part of the Offeror's response to this solicitation.

1. **Qualification:** The Offeror must have the capability and capacity in all respects to satisfy fully all of the contractual requirements.
2. **Offeror's Primary Contact:**  
Name: Matthew Schlueter Phone: (301)664-7462 Email: schlueter.matthew@bcgfed.com
3. **Years in Business:** Indicate the length of time Offeror has been in business providing this type of good or service:  
59 Years 0 Months
4. eVA Vendor ID or DUNS Number: eVA: VS0000091324 DUNS: 090836248
5. Indicate below a listing of at least four (4) current or recent accounts, either commercial or governmental, that the Offeror is servicing, has serviced, or has provided similar goods/services. Include the length of service and the name, address, and telephone number of the point of contact.

- A. Company: [REDACTED] Contact: [REDACTED]  
Phone: ([REDACTED]) [REDACTED] Email: [REDACTED]  
Dates of Service: [REDACTED] \$ Value: [REDACTED]
- B. Company: [REDACTED] Contact: [REDACTED]  
Phone: ([REDACTED]) [REDACTED] Email: [REDACTED]  
Dates of Service: [REDACTED] \$ Value: [REDACTED]
- C. Company: [REDACTED] Contact: [REDACTED]  
Phone: ([REDACTED]) [REDACTED] Email: [REDACTED]  
Dates of Service: [REDACTED] \$ Value: [REDACTED]
- D. Company: [REDACTED] Contact: [REDACTED]  
Phone: ([REDACTED]) [REDACTED] Email: [REDACTED]  
Dates of Service: [REDACTED] \$ Value: [REDACTED]

I certify the accuracy of this information.

Signed:  Title: Managing Director and Partner Date: 5/16/22

**1.E Attachment D – Small Business Subcontracting Plan**

**SMALL BUSINESS SUBCONTRACTING PLAN**

It is the goal of the Commonwealth that over 42% of its purchases be made from small businesses. Offerors are required to return this plan with their proposal.

**Small Business:** “Small business (including micro)” means a business which holds a certification as such by the Virginia Department of Small Business and Vendor Diversity (DSBSD) on the due date for proposals. This shall also include DSBSD-certified women-owned and minority-owned businesses and businesses with DSBSD service disabled veteran-owned status when they also hold a DSBSD certification as a small business on the proposal due date. Currently, DSBSD offers small business certification and micro business designation to firms that qualify.

Certification applications are available through DSBSD online at [www.DSBSD.virginia.gov](http://www.DSBSD.virginia.gov).

Offeror Name: The Boston Consulting Group, Inc.

Preparer Name: Matthew Schlueter Date: 5/16/2022

**Instructions**

- A. If you are certified by the DSBSD as a micro/small business, complete only Section A of this form.
- B. If you are not a DSBSD-certified small business, complete Section B of this form. For the Offeror to receive credit for the small business subcontracting plan evaluation criteria, the Offeror shall identify the portions of the contract that will be subcontracted to DSBSD-certified small business.

Offerors which are small businesses themselves will receive the maximum available points for the small business participation plan evaluation criterion and do not have any further subcontracting requirements.

Offerors which are not certified small businesses will be assigned points based on proposed expenditures with DSBSD-certified small businesses in relation to the Offeror’s total price.

Points will be assigned based on each Offeror’s proposed subcontracting expenditures with DSBSD-certified small businesses as indicated in Section B in relation to the Offeror’s total price.

**Section A**

If your firm is certified by the DSBSD provide your certification number and the date of certification:

Certification number: \_\_\_\_\_ Certification Date: \_\_\_\_\_

**Section B**

Populate the table below to show your firm’s plans for utilization of DSBSD-certified small businesses in the performance of this contract in relation to the Bidder’s total price. Certified small businesses, include but are not limited to, DSBSD-certified women-owned and minority-owned businesses and businesses with DSBSD service-disabled veteran-owned status, that have also received the DSBSD small business certification. Include plans to utilize small businesses as part of joint ventures,



partnerships, subcontractors, vendors, etc. It is important to note that this proposed participation will be incorporated into the subsequent contract and will be a requirement of the contract. Failure to obtain the proposed participation percentages may result in breach of the contract.

**B. Plans for Utilization of DSBSD-Certified Small Businesses for this Procurement**

Micro/Small Business Name & Address  DSBSD Certificate #	Status if Micro/Small Business is also: Women (W), Minority (M), or DSBSD Service Disabled Veteran-Owned	Contact Person, Telephone & Email	Type of Goods and/or Services	Planned Involvement During the Contract	Planned Contract Dollars During the Contract (\$)
Spinnaker Consulting Group, LLC  8000 Franklin Farms Drive, Suite 100 Richmond, VA 23229  Certification #: 814694	Small-business, Veteran-owned	Paige Wolk Director of Operations (804) 510-0768 Paige.wolk@spinnakerconsultinggroup.com	Management Consulting, Organizational Development Consulting, Consulting Services	Data and analytics support to analyze existing spend	\$104,000
FMP Consulting, 2900 South Quincy Street, Suite 200, Arlington VA 22206  Certification #: 710182	Women-Owned	Carolyn Kurowski, Managing Partner; (703) 581-7918; ckurowski@fmpconsulting.com	Management Consulting, Consulting Services	Organizational structure and process design support	\$104,000
<b>Totals \$</b>					<b>\$208,000</b>

**1.F Attachment E – Completed State Corporation Commission Form**

**RFP #2382, Attachment E**

**STATE CORPORATION COMMISSION FORM**

**Offerors are required to return this form with their proposal.**

**Virginia State Corporation Commission (“SCC”) registration information: The Offeror:**

is a corporation or other business entity with the following SCC identification number: F2083550

**-OR-**

is not a corporation, limited liability company, limited partnership, registered limited liability partnership, or business trust

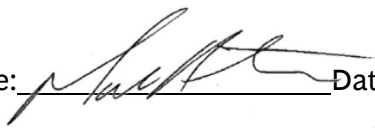
**-OR-**

is an out-of-state business entity that does not regularly and continuously maintain as part of its ordinary and customary business any employees, agents, offices, facilities, or inventories in Virginia (not counting any employees or agents in Virginia who merely solicit orders that require acceptance outside Virginia before they become contracts, and not counting any incidental presence of the Offeror in Virginia that is needed in order to assemble, maintain, and repair goods in accordance with the contracts by which such goods were sold and shipped into Virginia from Offeror’s out-of-state location)

**-OR-**

is an out-of-state business entity that is including with this proposal an opinion of legal counsel which accurately and completely discloses the undersigned Offeror’s current contacts with Virginia and describes why those contacts do not constitute the transaction of business in Virginia within the meaning of § 13.1-757 or other similar provisions in Titles 13.1 or 50 of the Code of Virginia.

**\*\*NOTE\*\*** >> Check the following box if you have not completed any of the foregoing options but currently have pending before the SCC an application for authority to transact business in the Commonwealth of Virginia and wish to be considered for a waiver to allow you to submit the SCC identification number after the due date for proposals (the Commonwealth reserves the right to determine in its sole discretion whether to allow such waiver):

Signature:  Date: 5/16/2022

Name: Matthew Schlueter

Print

Title: Managing Director and Partner

Name of Firm: The Boston Consulting Group, Inc

**1.G Addendum 1 – Completed Acknowledgement of Date Change**



*COMMONWEALTH of VIRGINIA*

*Division of Purchases and Supply*

J. Peter Stamps, CPPO, VCM, VCO  
Director

Kelly J. Langley, CPPO, CPPB, VCM, VCO  
Deputy Director

P. O. Box 1199  
Richmond, VA 23218-1199  
Voice: (804) 786-3842

April 28, 2022

**ADDENDUM NO. 1 TO ALL OFFERORS:**

Reference – Request for Proposals: 2382  
Title: Spend Analysis and Procurement Consulting Services  
Dated: April 26, 2022  
Proposal Due: May 6, 2022, 3:00 PM

The above is hereby changed to read:

1. **Reference Proposal Due Date/Time:** Changed to read “Due Date/Time: May 16, 2022 / 3:00 PM”
2. **Reference Inquiries for Information:** Changed to read “Questions regarding the solicitation must be submitted in writing only to Monique Curley via email at [monique.curley@dgs.virginia.gov](mailto:monique.curley@dgs.virginia.gov) no later than 5:00 PM on May 6, 2022. Offeror should identify the email by noting the solicitation number “2382” in the subject line. Responses to clarifications may be posted in eVA’s Virginia Business Opportunities (VBO). The identity of Offeror will not be published with the response. Formal changes to the solicitation, including but not limited to, contractual terms and procurement requirements, will only be changed by formal written addendum to the solicitation.

**Note:** A signed acknowledgment of this addendum must be received at the location indicated on the RFP either prior to the proposal due date and hour or attached to your proposal. Signature on this addendum does not substitute for your signature on the original proposal document. The original proposal document must be signed.

Very truly yours,

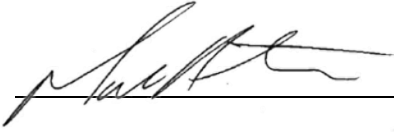
A handwritten signature in black ink, appearing to read 'Monique Curley', written over a horizontal line.

Monique Curley

Director, Sourcing & Contracting

The Boston Consulting Group, Inc.

Name of Firm



Managing Director and Partner

Signature/Title

5/16/2022

Date

## 2 Tab 2 - Specific Plan or Methodology/Approach

### Executive Summary of BCG's Plan to support the Commonwealth

Thank you for considering the Boston Consulting Group (BCG), FMP Consulting (FMP), and Spinnaker Group, ("Team BCG") to support the Spend Analysis and Procurement Consulting project. The Commonwealth of Virginia's Division of Purchases & Supply (DPS) plays a pivotal role in helping agencies achieve mission-critical work while delivering value to Virginians across the Commonwealth. We are confident that Team BCG is the right partner to help the Commonwealth identify, and more importantly realize, sustained potential savings via this opportunity.

DPS must analyze their current procurement spend and transform its capabilities to realize cost-savings in the near-term that can continue over the long-term. We bring a deep understanding of key spend categories that the Commonwealth has, the challenges in the procurement process that the Commonwealth faces, and the requirements to realize cost-savings from the Commonwealth's discretionary funds. Based on our preliminary analysis of the Commonwealth's 2021 discretionary spend, we estimate that the Commonwealth has the potential to realistically realize at least \$900 million (~10% of FY2021 discretionary spend base) in annualized savings that could be reinvested in services for its citizens.

BCG is tailor-made and uniquely positioned to deliver significant cost savings through this program. This proposal **highlights all the capabilities, qualifications, resources, plans, and processes required** to successfully enable the fulfilment of Commonwealth requirements. Key proposal attributes include:

- **(Qualifications) Extensive public and private sector procurement and experience:** We have delivered more than 990 procurement projects with governmental and private sector clients over the last 5 years. We take a pragmatic approach that focuses on providing real value to the Commonwealth instead of theoretical value.
- **(Capabilities) Deep understanding of State government context:** We have served 18 State governments over the last 12 months, and we know what it takes to be successful in a state context. We understand the balance between compliance and value delivered and we know how to work with agencies with de-centralized decision making and spend management.
- **(Capabilities) Global leaders in operating model and org structure transformation:** BCG is externally ranked #1 among all consulting firms for both organizational change management (by ALM Vanguard industry rankings), as well as strategy and implementation thought leadership (by Source for Consulting independent rankings). We have implemented new operating models in multiple governmental and private sector clients, and we know what will work in the context of the Commonwealth.
- **(Capabilities) Proven ability to deliver results:** We have a rigorous program management process that we have used in more than 800 transformation projects, to challenge assumptions and deliver value quickly. In our experience, this drives 50% higher likelihood of success in transformation relative to other vendor offerings.
- **(Processes) Direct experience transforming State and Federal procurement:** We know how to challenge assumptions based on our work with both State and Federal agencies on procurement transformation, identifying and delivering billions of dollars in savings to date, while also reducing procurement cycle times by upwards of 90% in some categories.
- **(Plans) Lower delivery risk for the Commonwealth:** We are confident in our ability to deliver results and willing to align incentives by sharing risk with you – we are willing to make our fees contingent on delivering savings. We are the only top tier management firm that has completely put our fees at risk in a large government procurement project (Defense Commissary Agency). We put our money where our mouth is – if you don't realize the savings, we will forego our fees.
- **(Plans) Over 25 category playbooks:** We have codified our collective learnings into a series of preexisting category playbooks that cover the entirety of Commonwealth spend. Accordingly, we "hit the ground running" with a comprehensive perspective to complete the phases effectively and efficiently.
- **(Resources) Team of experienced professionals:** Our team brings decades of procurement experience, including work with State governments and Federal Government Departments. We also have a strong understanding of the top categories of the Commonwealth's spend and we bring a team of experts with



relevant previous roles, including former State COO, former State Health Secretary, former State Medicaid Director, former State Secretary of Administration, former Chancellor and COO of one of the largest university systems, former CEO of a transportation authority, former leader in US DOT & President of the largest Transit System in the US.

- **(Resources) Robust set of procurement resources:** We maintain over 30 industry leading procurement tools, in addition to a 24/7 dedicated procurement knowledge center that enables the most detailed analysis any procurement issue or trend.

We bring a fresh, commercially intense team to the Commonwealth. With over combined 990 procurement cases across every industry sector and area of government, Team BCG follows a proven playbook that incorporates the industry perspective from BCG and Spinnaker, while ensuring the approach is fully calibrated to the VA through FMP's perspective (gained via FMP's projects for the Commonwealth in the past 3 years). In addition, BCG's core team will include members of BCG TURN, a special unit within BCG that helps senior leaders deliver rapid, visible, and sustainable step-change improvement in organizational performance, with a proven track record of success. This approach leverages our combined team's **clear and detailed understanding of state government's discretionary spending and category management challenges** – allowing us to “hit the ground running” faster than other vendors, craft more tailored and effective recommendations, and significantly reduce risk for the Commonwealth.

In our experience, state and local government procurement organizations face 11 key challenges, and we already see several of these in our initial review of the spend data provided:

**Figure 1: Key Challenges for Public Sector Procurement Organizations and Initial Insights**

Key Challenges We Typically See
1. <b>High Spend Fragmentation:</b> A small number of vendors drive the vast majority of spend, but the long tail of vendors is costly and complex to manage.
2. <b>Price Variability Across Agencies:</b> Different agencies source the same or similar goods at different costs.
3. <b>High Spend Relative to Benchmarks:</b> States are spending a high amount on similar goods and services compared to external benchmarks (e.g., other State & local governments, private sector companies).
4. <b>Lacking / Limited Category Management:</b> POs are negotiated and managed individually at the agency level, so there is not a comprehensive cross-agency view into spend categories and procurement organizations don't leverage their full spending power.
5. <b>Limited innovation in public sector procurement:</b> Procurement innovation is stronger in the private sector, and because there is limited employee movement between private and public, best practices don't readily migrate to the public sector.
6. <b>Unreliable Spend Data:</b> Definitions and categorizations for line items do not align across agencies and agencies use outdated allocation methods or mis-coded data, making it difficult to track performance.
7. <b>Unique Procurement Requirements:</b> Target procurement spend ratios for DSBSD-certified small businesses and fair and open competition requirements need to be considered.
8. <b>Decentralized Spend Management:</b> Agencies manage discretionary spend independently – central procurement departments have limited formal controls to reinforce behaviors. Lack of clear operating structure and decision rights between central procurement and agencies results in long sourcing cycles and purchase of goods / service that don't meet needs.
9. <b>Varying Sophistication of Vendor Performance Management:</b> Many agencies do not have formal vendor management policies; where available, vendor performance managed within agencies.
10. <b>Focus on Compliance instead of Value:</b> Agencies default to “safest” interpretation of law or policy, even when not necessary.
11. <b>Cultural Norms Treated as Regulation:</b> Agencies act based on cultural norms that have developed over time rather than regulatory requirements (e.g., belief that agencies can't negotiate with vendors).



Initial Insights of Key Challenges from Review of Commonwealth's 2021 Procurement Data

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Our proven approach addresses these challenges comprehensively, not only delivering savings rapidly but also sustaining them in the long-term through best-in-class processes, organization, capabilities, data, and technology. We will leverage a combination of internal, market, and benchmark data to build a fact-based strategy and initiatives for savings by category. Concurrently, we help you redesign the category management process, embedding in a new organization structure, upskilled capabilities, and innovative technologies.

Based on previous experiences, we believe that a core element of this procurement transformation for the Commonwealth of Virginia will be the decisions around the level of centralization and de-centralization of procurement, and what specific activities would be centralized (e.g., MSA development, buying) and where the activities reside from an organizational structure perspective (e.g., a procurement center of excellence or sitting within major agencies). In our experience, standardizing frameworks and processes to manage common spend categories, major vendors, commodity products, terms and conditions, and category management are centralized to leverage volume/scale, with the actual buying activity happening at agency level. In particular, a common set of data and metrics should support these frameworks and processes.

From our 990+ previous procurement cases, we have **selected 7 examples** across governmental and private clients that are directly applicable to the Commonwealth of Virginia, and that demonstrate the substantial value delivered for our clients:

1. Procurement transformation for a Department of Transportation of a US state across all categories, with identified savings of **~\$1B** (~10% of addressable base)
2. Procurement transformation for a Department of the Federal Government across all categories, with identified savings of **~\$900M**
3. Procurement transformation for a Department of the Federal Government across all categories, with identified savings of **~\$400M**
4. Procurement transformation for a Division of Purchase of a US State – implementation roadmap built across **11** workstreams, with a **focus on operating model re-design** and capability building
5. Procurement transformation for a Healthcare client, with identified savings of **~\$1B** (5% of addressable base), and **~\$250M** captured in first 2 months
6. Procurement transformation for a Railroad transit operator, with identified savings of **\$140M**, and \$10M captured in first 2 months of implementation
7. Maintenance & Construction procurement transformation for a Retail client, with identified savings of **~\$240M** (~30% of addressable base), Phase 1 rollout already exceeding target



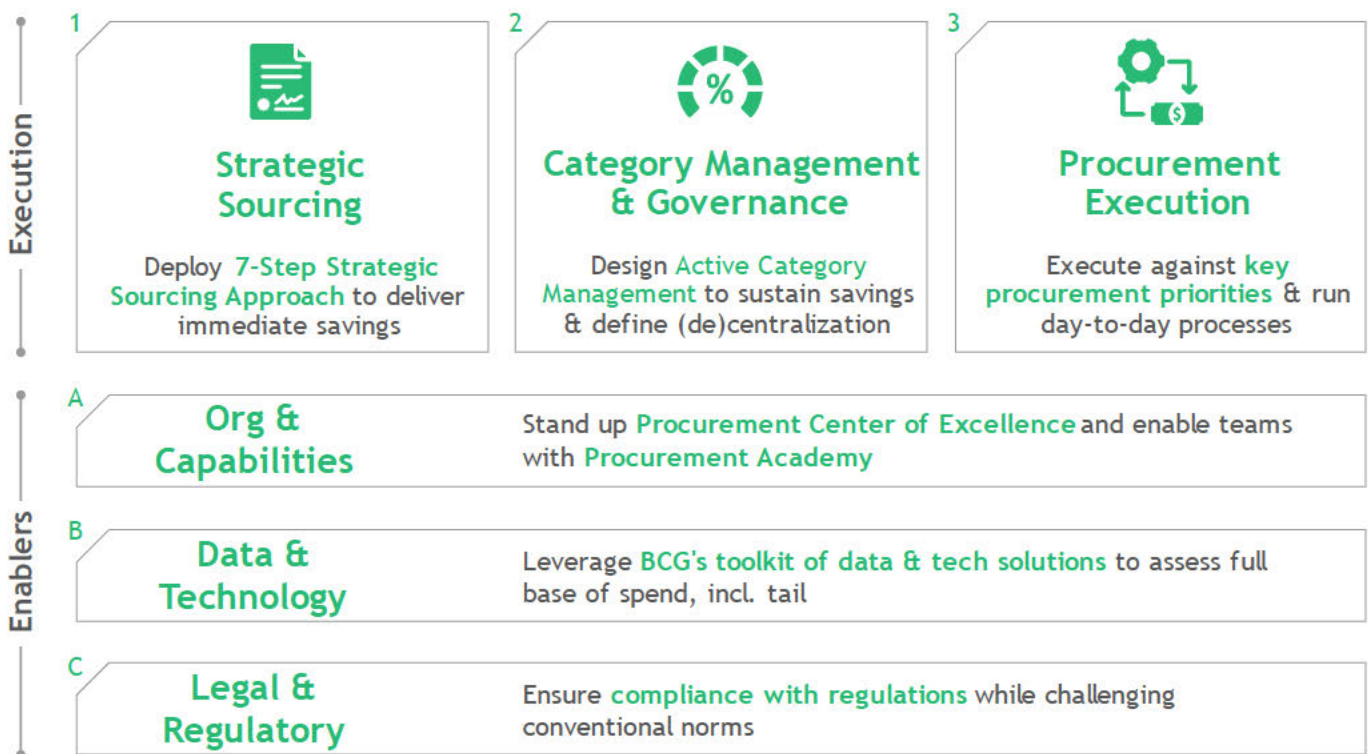
We have done an initial review of the 2021 procurement spend data and see similar themes from our prior procurement work. Consistent with the value realized with other clients in the past on over 990 procurement projects, where we achieve ~5-10% savings over the addressable base and based on an initial review of the Commonwealth of Virginia discretionary spend, **we expect the Commonwealth to realize up to \$900 Million (~10% of FY2021 discretionary spend base) in annual run-rate savings by January 2024, based on 2021 spend.**

**2.A Summary of BCG’s overall approach to provide a solution to the Commonwealth’s stated needs**

BCG’s proven approach for procurement excellence relies on delivering immediate results and building lasting capabilities. The activities identified in the Commonwealth’s Statement of Needs, align to **6 main components of a procurement framework that BCG has deployed across multiple procurement transformations** at other public sector agencies, and clients in the private sector.

The combination of these 6 components maximizes savings while minimizing risk for the Commonwealth with both a short term and mid/long term mindset to ensure sustainable performance of the procurement functions.

**Figure 2: BCG Procurement Transformation Approach - 6 Key Components**

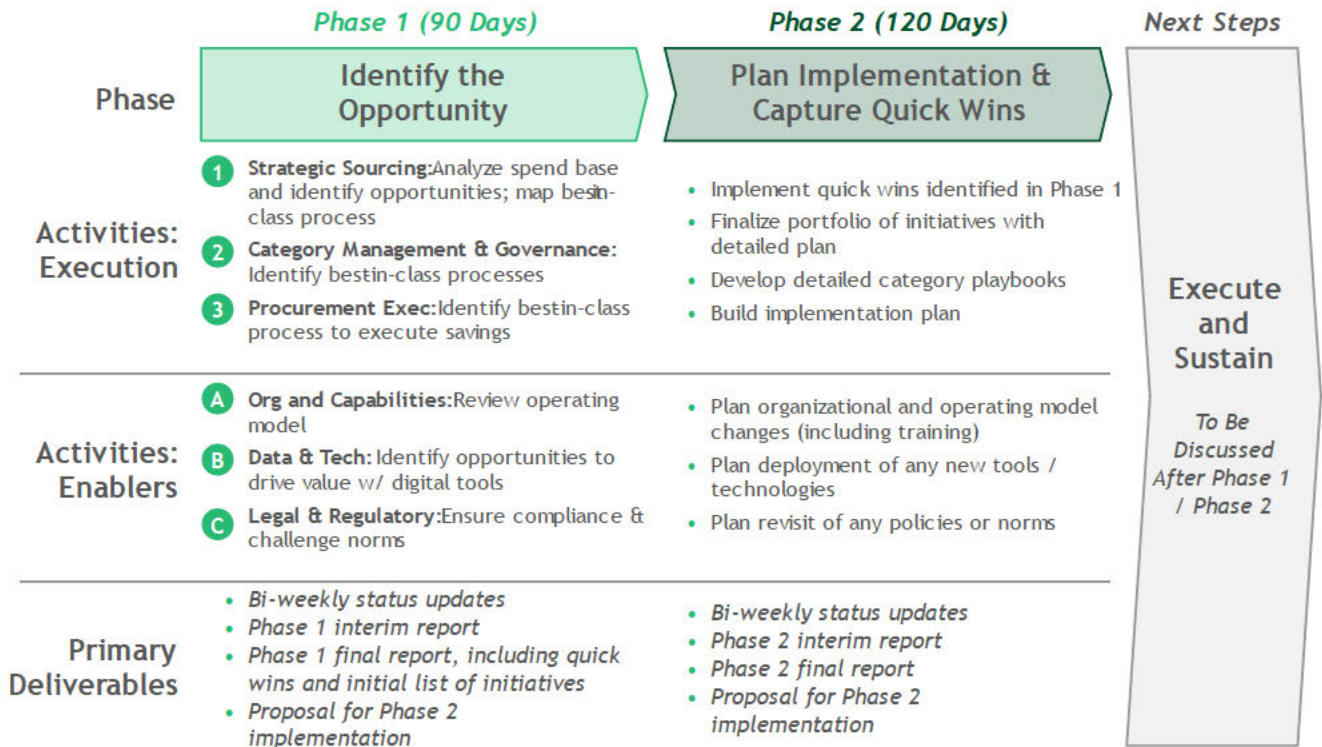


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We plan to deliver the procurement transformation in **2 phases with next steps to sustain the change**, aligned to the schedule shared by the Commonwealth of Virginia:

- Phase 1 – Identify the Opportunity [Assessment and Initial Planning in this RFP]
- Phase 2 – Plan Implementation and Capture Quick Wins [Detailed Planning and Implementation in this RFP]
- Post-Phase 2 and Next Steps – Execute and Sustain [Execution of Phase 2 in this RFP]

**Figure 3: BCG Procurement Transformations – 2 Phases with Specific Activities and Deliverables**



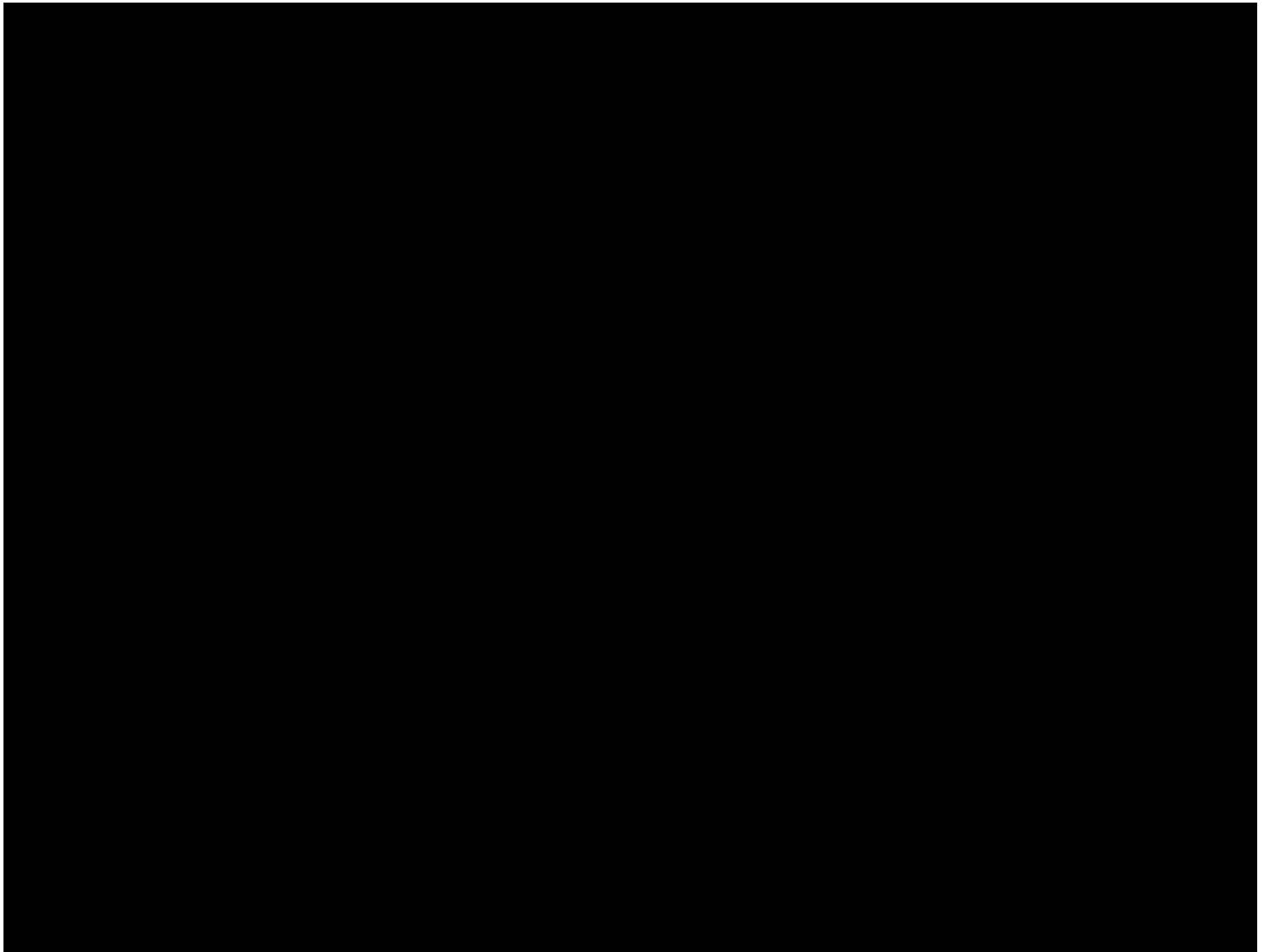
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BCG will deploy our suite of industry-leading tools to support the Commonwealth. The Commonwealth will be provided access to data and insights housed in BCG tools, both sourced from the Commonwealth and proprietary, to ensure that the Commonwealth derives all possible value.

We are **highlighting 13 of the specific resources** that provide significant value to the acquisition studies, analyses, and innovation solutioning activities outlined in this proposal:

**Figure 4: Selected Examples of BCG Proprietary Procurement Resources/Tools**

Resource / Tool	Capabilities / Description



**In addition to the suite of resources & tools, BCG has access to vendor benchmarks gained through hundreds of previous, and related, procurement initiatives with government and private sector entities**

BCG's broad procurement experience has facilitated the development of internal benchmarks applicable to both our public and private sector clients, providing our teams with unique insight into performance against key indicators and detailed knowledge of vendor costs across numerous industries. Our cost transparency work for the US Government included examining and cataloging thousands of line items of spend, while our category management work has involved deep dive cost analysis on hundreds of programs, with thousands of individual components. These efforts have given us tens of thousands of cost benchmarks for US government vendors.

BCG's procurement work across other industries has enabled us to produce similarly deep benchmark resources for other sectors, which are available for reference as needed; further detail on the ONE Benchmark tool is provided above in Figure 4 **Error! Reference source not found.** Additionally, we have access to external benchmarks from organizations such as the APQC (American Productivity & Quality Center), the world's leading authority in benchmarking, best practices, process and performance improvement, and knowledge management, and the Center for Advanced Procurement Strategy (CAPS), a nonprofit research center serving supply management leaders at Fortune 600 and Global 1000 member companies.



Figure 5: Overview of Phase 1 Approach, Tools, and Deliverables

DPS Requirement	Differentiated BCG Approach	BCG Expertise / Tools	Deliverables
1.a. Review and confirm initial <u>addressable spend baseline</u> of \$9B	Go after the <u>entirety of the addressable spend</u> instead of just 70% concentrated in the largest agencies, categories and vendors, and use <u>BCG proprietary spend cube tool</u> to consolidate spend data (Pos, card, and invoices)	<ul style="list-style-type: none"> <li>• BCG Spend Cube Analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Consolidated multi-year spend baseline</li> </ul>
1.b. Analyze full addressable spend <u>baseline across all categories</u> of spend to identify spend reduction opportunities	Use our experience and deep bench of experts to <u>quickly pinpoint areas of opportunity</u> and path forward	<ul style="list-style-type: none"> <li>• Procurement Excellence Center</li> <li>• Internal /external benchmarks</li> <li>• Commercial should-cost methodology</li> <li>• BCG negotiation experience</li> <li>• Proprietary vendor data templates</li> <li>• RFP Accelerator</li> <li>• AI Tail Cutter</li> </ul>	<ul style="list-style-type: none"> <li>• Breakdown of cost categories/agencies (spend matrix)</li> <li>• Deep-dive analyses for targeted cost drivers</li> <li>• Complete Lowest Defensible Price- LDP to be used during negotiations</li> </ul>
1.c. Perform detailed <u>benchmarking analysis for each category</u> to size full opportunity for spend reduction	Assess cost and performance across categories using internal (across agencies) and external (other states, private sector) <u>benchmarks</u>  Use <u>public-sector tailored should/could costing models</u> from BCG RFP accelerator tool		
1.d. Provide list of actions necessary to implement spending reduction opportunities	Build <u>detailed list of actions</u> based on a clear set of saving levers (and 35+ pre-defined initiatives)  Conduct <u>deep-dives into key vendors</u> , including market position and financial outlook	<ul style="list-style-type: none"> <li>• Internal database of vendor incentives</li> <li>• Network of vendors &amp; execs.</li> <li>• Market research</li> <li>• Publicly available vendor financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Vendor profit drivers</li> <li>• List of key actions by agency and category</li> <li>• Actions to deploy in vendor negotiations</li> </ul>
1.e. Provide high level implementation roadmap: (1) assigning consultant(s) within agencies, (2) assists in contract negotiation efforts, (3) meet with legislature, if needed to provide independent expert perspective	Plan out <u>implementation by maximizing speed of return while minimizing risk</u> , assigning consultant support to Agencies with the greatest opportunity	<ul style="list-style-type: none"> <li>• Negotiation experience</li> <li>• Network of vendors and executives</li> </ul>	<ul style="list-style-type: none"> <li>• High-level implementation roadmap, incl. proposed consultant support by agency</li> </ul>
1.f. Identify improvements to source-to-pay process: (1) Map current source-to-pay process,	Review current state processes with key stakeholders, leveraging BCG's procurement excellence monitor, and		

<p>(2) Identify opportunities to eliminate waste, (3) Propose a standardized process, and (4) Propose a best-in-class source-to-pay</p>	<p>identify <u>opportunities</u> based on <u>best-in-class models in public &amp; private sector, defining right level of centralization</u></p>	<ul style="list-style-type: none"> <li>• BCG Procurement Optimization</li> <li>• BCG Procurement Excellence Monitor</li> <li>• BCG Procurement Academy &amp; Excellence Center</li> <li>• Org Builder</li> <li>• Commercially tested best-practices</li> </ul>	<ul style="list-style-type: none"> <li>• Maps of current and proposed source-to-pay processes</li> <li>• Detailed current and proposed enablers, including organization and operating model, data &amp; tech, and legal &amp; regulatory</li> <li>• Training program to upskill personnel and address key gaps</li> <li>• Procurement Excellence Monitor results</li> </ul>
<p>1.g. <u>Identify opportunities to achieve full potential of savings</u> in the Commonwealth: (1) Identify current structure &amp; op model, (2) Propose a best-in-class structure and operational model and identify gaps in best-in-class, (3) Develop a training program, as needed to address any gaps identified, (4) Perform a capacity and skill level assessment, and (5) Identify digital opportunities to improve efficiencies in procurement/payment analytics</p>	<p>Use our <u>OrgBuilder / One Benchmark tool</u> to identify efficiency of the current organization, opportunities, and benchmark it <u>against public/private sector data, with specific cost and size by function</u></p> <p>If necessary, train Commonwealth personnel using BCG Procurement Academy, based on a proven methodology – with defined classes, timing, &amp; pace - <u>delivered previously by BCG in hundreds of clients</u></p> <p><u>Evaluate data and technology stack</u> against best-in-class benchmarks to identify digital opportunities to improve</p> <p>Understand statutory vs. norm <u>challenges of implementing</u> procurement best practices at the Commonwealth, working closely with stakeholders to overcome roadblocks</p>		
<p>1.h. Provide suggested timelines to complete initiatives</p>	<p>Leverage previous experiences in the public and private sector to <u>define the right prioritization and realistic timelines</u> – based on savings, complexity to execute, legal / regulatory constraints, and agencies’ calendars</p>	<ul style="list-style-type: none"> <li>• BCG Activist Program Management</li> <li>• R&amp;OR tool</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive project plan with timelines / milestones for each initiative</li> <li>• R&amp;OR output</li> </ul>
<p>1.i. Identify possible <u>barriers or obstacles</u> to achieve full potential</p>			
<p>1.j. <u>Provide report</u> (Deliverable: Phase 1 Final Report) detailing the above and possible savings</p>	<p>Prepare final deliverable, including executive level briefing materials, summarizing BCG’s findings / recommendations for Phase 1 requirements</p>	<ul style="list-style-type: none"> <li>• N / A</li> </ul>	<ul style="list-style-type: none"> <li>• Final Phase 1 report</li> </ul>
<p>1.k. Phase 1 Implementation: Provide <u>proposal pricing to lead implementation</u> of the Phase 1 initiatives</p>	<p>Prepare proposal pricing to lead implementation of Phase 1 initiatives based on extensive procurement experience</p>	<ul style="list-style-type: none"> <li>• N / A</li> </ul>	<ul style="list-style-type: none"> <li>• Proposal to lead implementation of Phase 1 initiatives</li> </ul>



Figure 6: Overview of Phase 2 Approach, Tools, and Deliverables

DPS Requirement	Differentiated BCG Approach	BCG Expertise / Tools	Deliverables
2.a. Provide a <u>portfolio of fully planned initiatives</u> to achieve best-in-class	Build out detailed plans for each initiative, with a <u>bias to action</u> , and <u>specific plans for quick wins</u> across categories / agencies (i.e., opportunities to be deployed while planning some of the longer-term initiatives)	<ul style="list-style-type: none"> <li>Category Playbooks and Action Plans</li> <li>Procurement Excellence Center</li> </ul>	<ul style="list-style-type: none"> <li>Category Playbooks, including initiatives by category and agency</li> </ul>
2.b. Provide a <u>detailed implementation plan</u> to include milestone tracking and value realization of all initiatives	Translate the detailed initiatives into a <u>consolidated transformation program</u> that includes training and competency development with clear milestones, accountability, and <u>focused on value realization</u>	<ul style="list-style-type: none"> <li>Activist Program Management Office</li> </ul>	<ul style="list-style-type: none"> <li>Detailed implementation plan</li> <li>Suggested timelines to execute on initiatives</li> <li>Progress reports and impact tracking</li> </ul>
2.c. Provide <u>suggested timelines</u> to complete initiatives	<u>Proactively address interdependencies</u> across agencies to ensure a successful implementation, in particular for cross-agency process improvements, and enablement across departments		
2.d. Provide on-going <u>progress reports and impact reporting</u> to ensure successful implementation and value realization (during and after implementation of initiatives)	Design <u>Activist Program Management</u> , including proactive risk management, robust accountability, and focused escalation – <u>to deliver bottom-line savings</u>		
	Set up <u>impact reporting – focused on value realization</u> , with transparent pipeline of activities and status to anticipate risks early on		
2.e. Provide <u>report</u> (Deliverable: Phase 2 Final Report) detailing the above (a-d)	Prepare final deliverable summarizing BCG’s findings/recommendations for Phase 2 requirements, including executive level briefing materials	<ul style="list-style-type: none"> <li>N / A</li> </ul>	<ul style="list-style-type: none"> <li>Final Phase 2 report</li> </ul>
2.f. Phase 2 Implementation: Provide <u>proposal pricing to lead implementation</u> of the Phase 2	Prepare proposal pricing to lead implementation of Phase 2 initiatives based on extensive procurement experience	<ul style="list-style-type: none"> <li>N / A</li> </ul>	<ul style="list-style-type: none"> <li>Proposal to lead implementation of Phase 2</li> </ul>

**2.B Detailed plan for BCG to provide proposed services**

**Phase 1: Assessment and Initial Planning**

**2.B.1 Phase 1 - Requirement a.**

**Phase 1.a - Review and confirm initial addressable spend baseline of \$9B**

We will confirm the initial addressable spend baseline of \$9B by consolidating spend data (POs, card transactions, and invoices from AP) across at least 3 years (if available) into the BCG Spend Cube, and leveraging data science and analytics to gather, clean and structure data, with the goal to go after the entirety of the addressable spend.

**BCG Differentiated Approach:**

- BCG follows a four-step process to build a spend cube that segments the Commonwealth’s spend data across agencies, categories, and vendors - including PO re-classification by category across agencies (e.g., consulting services vs. staff augmentation), ensure price comparability (e.g., only compare bituminous concrete with exact specifications), normalizing units (e.g., snow removal services per hour vs. day)
  - We typically use at least 3 years of data (if available) to confirm trends and pinpoint hypotheses and will adjust to account for COVID specific spending
  - We analyze the entirety of the addressable spend instead of just 70% concentrated in the largest agencies, categories, and vendors

**Key BCG Insights for 2.B.1**

Our Spend Cube Analysis allows us to hit the ground running with rapid ingestion of PO and invoice data from the Commonwealth to deliver insight.

For example, from the preliminary dataset, the Commonwealth has a fairly concentrated vendor base with 33K vendors in FY2021, with ~3% of vendors (~870) making up for 90%+ of the spend. However, high degree of fragmentation in the 10% tail requires BCG’s AI capabilities to tackle comprehensively.

Majority of spend (~80%), concentrated in top 10 categories, with the top 3 being: Construction & Maintenance (31% at \$2.8B), Professional Services (12% at \$1.1B), and Medical Equipment / Supplies (7% at \$0.7B) – all of which BCG has a strong track record of sourcing

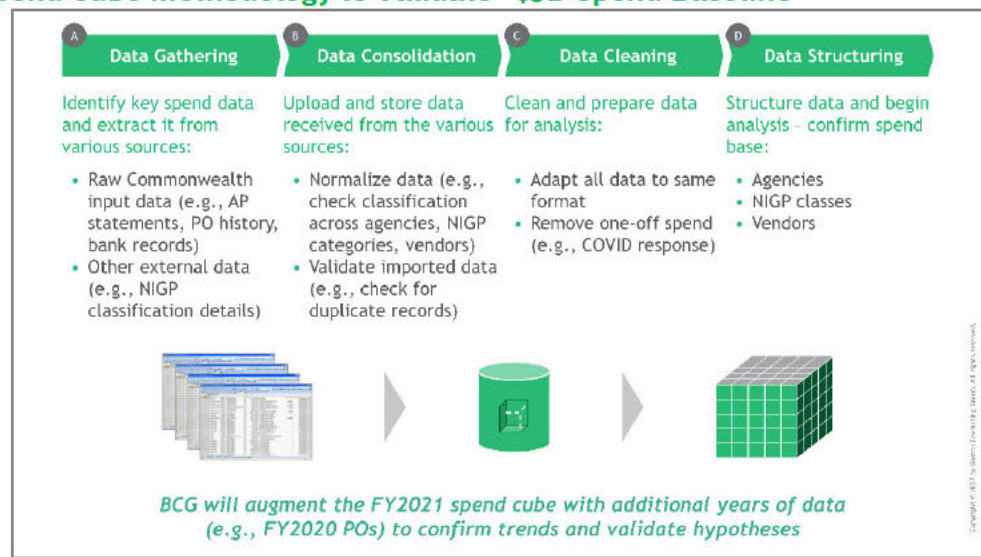
**Deliverables:**

- Consolidated multi-year spend baseline by agency, vendor, PO, and time

**Representative resources:**

- BCG Spend Cube Analysis

**Figure 7: BCG Spend Cube Methodology to Validate ~\$9B Spend Baseline**





2.B.2 Phase 1 – Requirement b and c.

Phase 1.b - Analyze full addressable spend baseline across all categories of spend to identify spend reduction opportunities;  
Phase 1.c - Perform detailed benchmarking analysis for each category to size full opportunity for spend reduction

BCG will work with the Commonwealth’s leadership and contracting officers to baseline current/proposed contract costs. As a part of this work, BCG collects and synthesizes available internal data sets into intuitive visuals clearly defining program cost drivers – 16 agencies, ~40 NIGP class groupings, ~270 NIGP classes, and ~33K+ vendors.

BCG identifies data gaps and use internal and external benchmarks to estimate costs where no internal or relevant data is available. BCG uses a range of techniques to develop the lowest defensible price the Commonwealth should expect to pay (i.e., the lowest price at which vendors still receive a fair and reasonable profit). BCG uses a range of cost estimation techniques (e.g., bottoms-up build, experience curve analysis, etc.) and commercial tools and best-practices (e.g., robust expert networks, etc.) to reveal underlying vendor economics and identify/prioritize opportunities by subcategory and by vendor (both primes and sub-tiers).

**BCG Differentiated Approach:**

- Assess spend base by agency, category, and vendor to identify priority areas for deep dives
  - Develop spend matrices and other relevant visualizations to intuitively demonstrate cost baseline
  - Identify largest contributors for each category of spend and conduct materials cost and / or subcontractor pareto (“80/20 rule”) assessments
  - Use digital tools and AI to analyze full tail of spend across ~33K+ vendors – BCG’s AI Tail Cutter tool helps the Commonwealth automatically set savings targets and communications approaches across groups of similar vendors
- Leverage top-down benchmarking data (external and internal) and bottom-up vendor economics to identify opportunities for cost reduction
  - Top-down benchmarking analysis using contract and PO data from other states
  - Internal benchmarking analysis using contract and PO data from across Virginia agencies
  - Using component cost data (e.g., materials, labor, other spend) with market research, perform a range of should/could cost estimation and analysis techniques on vendor economics, including (representative and not exhaustive):
    - Learning/experience curve estimation
    - Direct labor rate benchmarking
    - Indirect cost benchmarking
    - Fixed vs. variable cost trend and ratio analysis
    - Material inflation/escalation benchmarking
- Pressure-test using our comprehensive network of former vendors and experts
- Continuously engage Commonwealth program and contracting personnel to ensure alignment and understanding of analyses and deliverables for ownership and use long after project end

Key BCG Insights for 2.B.2	
	[Redacted]
	[Redacted]
■	[Redacted]
■	[Redacted]
	[Redacted]



**Deliverables:**

- Spend matrix or other relevant visualizations, with largest contributors for each category of spend identified
- Deep-dive analyses and visual materials to break down targeted cost drivers (e.g., prime direct labor, direct material costs, subcontractor/vendor labor, G&A rates, etc.)
- Lowest defensible price (LDP) backed up by analytical rigor and defensible data to deploy during negotiations
  - Analysis of economics for key vendors (e.g., with breakdown of cost into materials, labor, overhead) as applicable (e.g., detailed, quantitative should-cost model(s) in Microsoft Excel)
  - Internal and external benchmarks indicating the Commonwealth’s cost position

**Representative resources:**

- BCG Spend Cube Analysis
- Internal and external benchmarks
- Public contracts and rate cards
- Commercial should-cost methodology
- Deep BCG negotiation experience
- Proprietary vendor data templates
- Procurement Excellence Center
- AI Tail Cutter

**Figure 8: Initial Analyses of Commonwealth Data and Proposed Spend Categorization Dimensions**

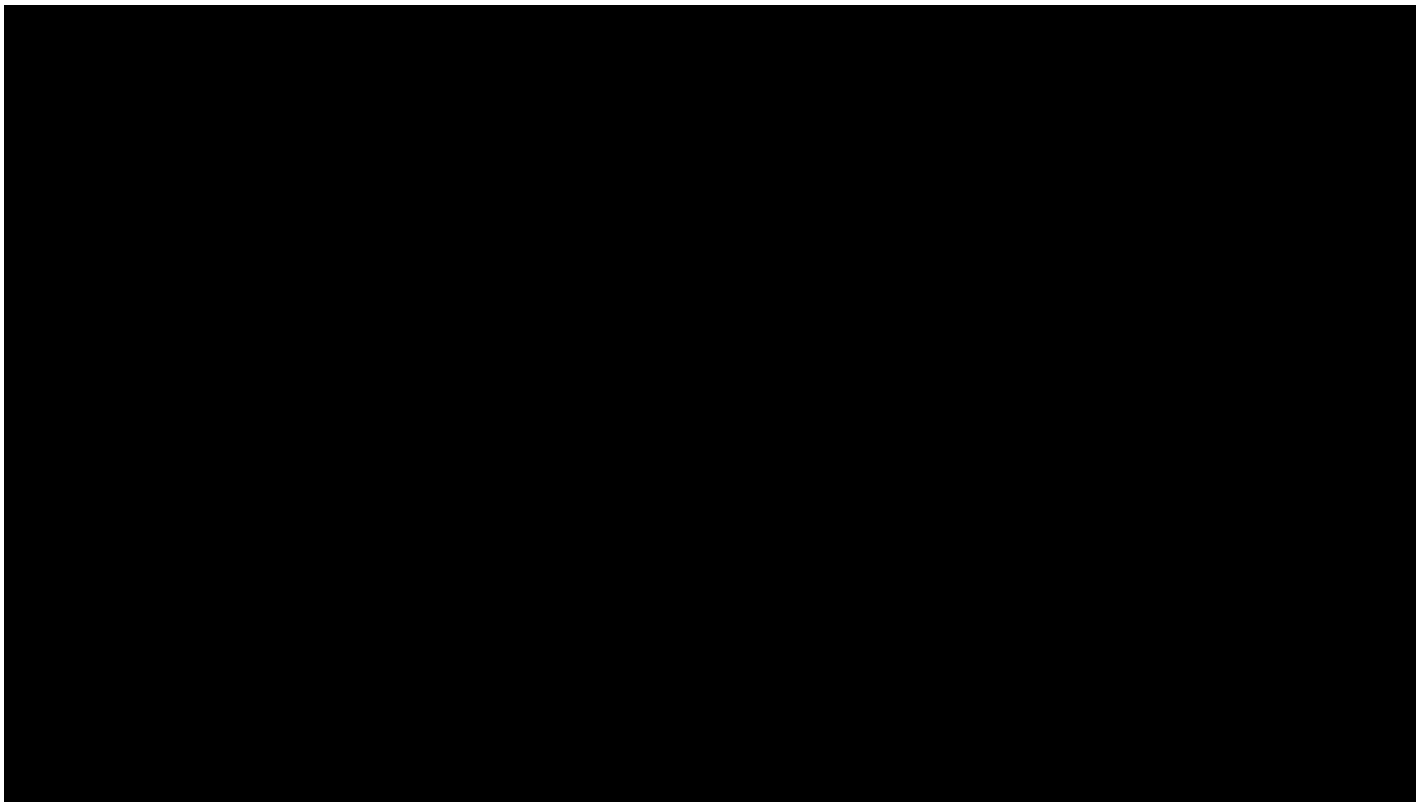


Figure 9: Example Data Visualization Template from BCG Procurement Playbook

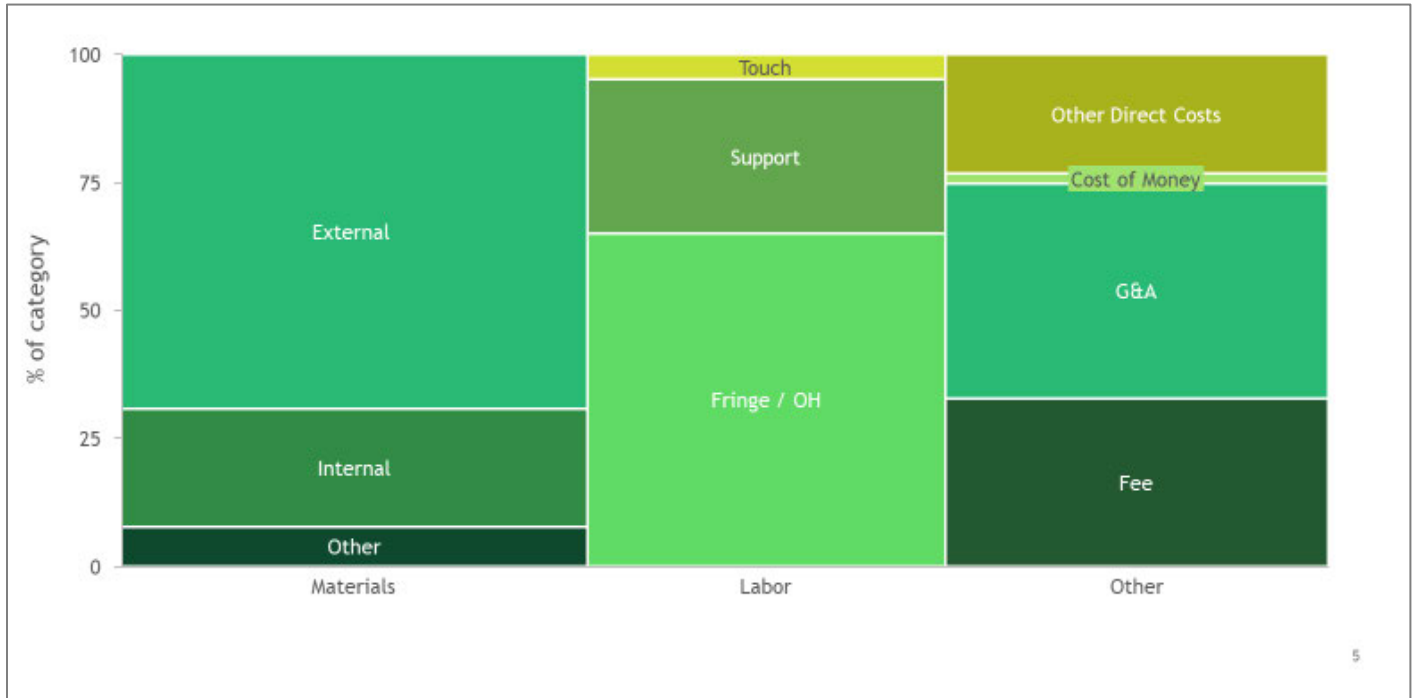


Figure 10: BCG AI Tail Cutter Methodology & Training Materials

**Setting-up a smart AI Tail Cutter resolves two common challenges**

BCG's AI-based algorithm finds optimal savings expectations and communication

Algorithm assesses 12 weighted variables to derive savings demand and appropriate tone of supplier approach

The user can easily upload suppliers in the tool and get individual savings targets and letters in no time

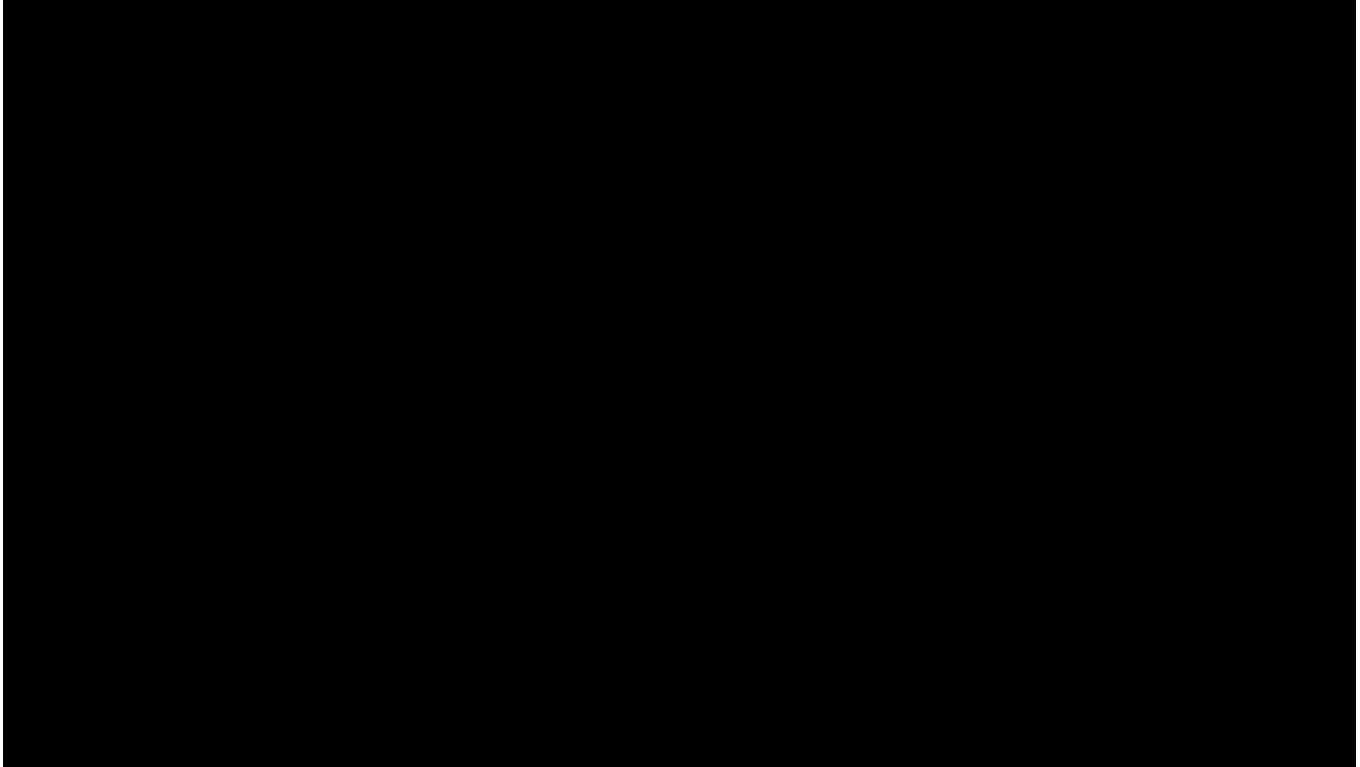
**12 Weighted Variables:**

- Own share of supplier revenue
- Avg. savings realized past 3 years
- Competitive environment in category
- Proximity to own plant
- Duration of supplier relationship
- Country of supplier headquarters
- Size of supplier (revenue)
- Risk of bankruptcy
- Innovation potential
- Quality of relationship
- Future expected volume to be purchased
- Part / supplier quality

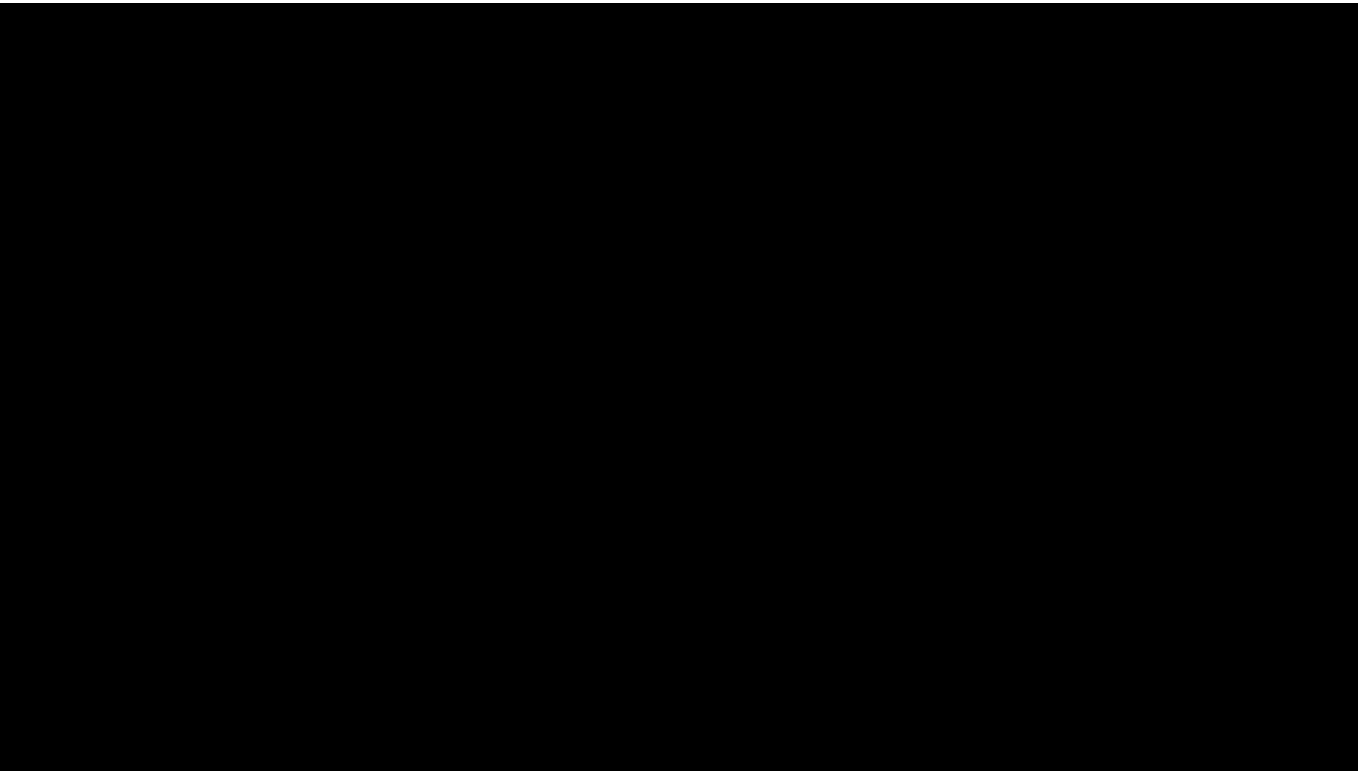
**AI Tail Cutter Interface Callouts:**

- Adjustable range of savings target: Allows defining min & max price reduction request for suppliers.
- Precise price reduction request calculated individually for each supplier based on the analysis of 12 variables.
- Possibility to easily add new suppliers and import all data in the Excel file.
- Price reduction request letter customized for each supplier, which can be immediately sent as an email or an email attachment.
- Individual letter tone defined for each supplier based on the analysis of 12 variables.

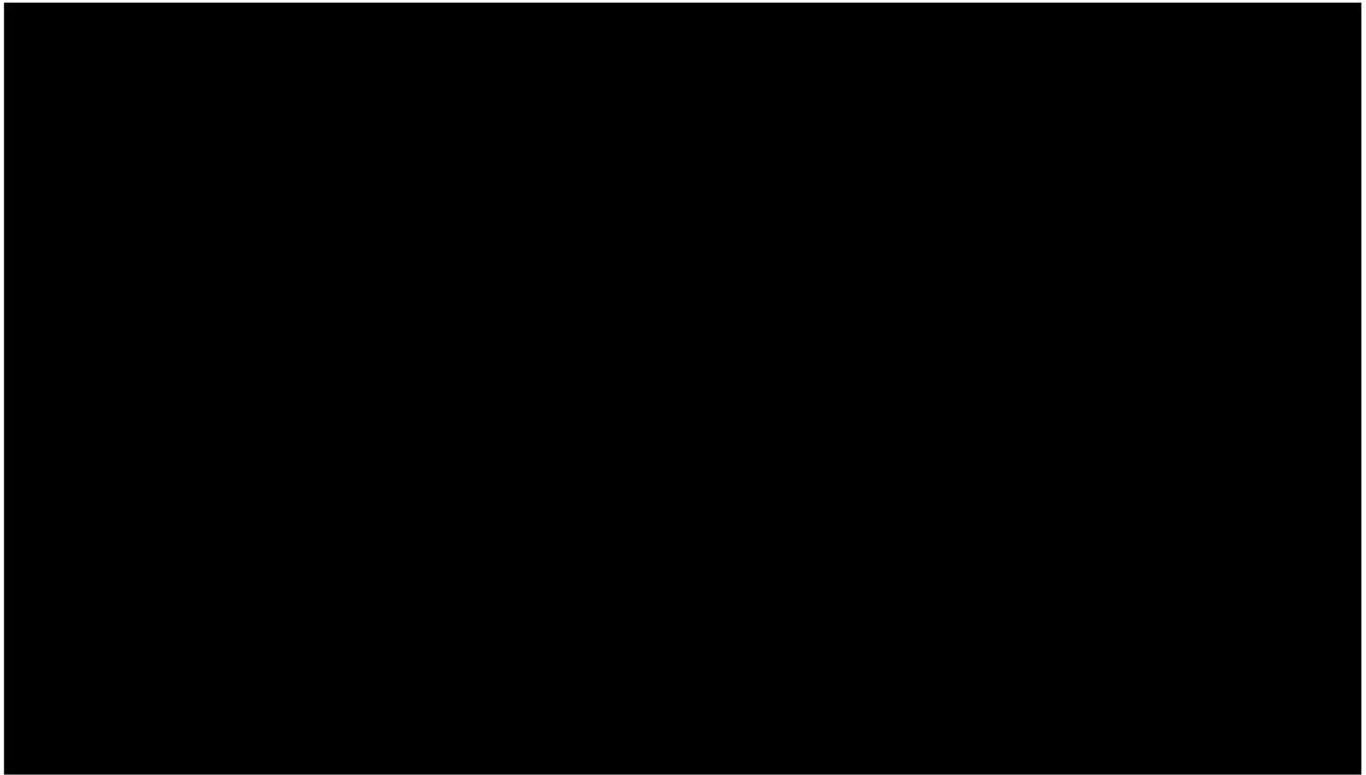
**Figure 11: Example – Internal / External Benchmark Analysis for Ford Truck Purchases Across Agencies**



**Figure 12: Example – Internal Benchmark Analysis for Bituminous Concrete Purchases Across Agencies**



**Figure 13: Example – External Benchmarking Analysis for Professional Services (IT Consulting) Costs Across States**



2.B.3 Phase 1 – Requirement d.

Phase 1.d - Provide list of actions necessary to implement spending reduction opportunities

Within the matrix of category and agencies, BCG recommends specific commercial, process or technical levers required to capture savings. We start by assessing 35+ potential initiatives across seven value levers. For identified opportunities, BCG works with the Commonwealth team to understand vendor profitability drivers and prioritize the points of leverage the Commonwealth uses to drive down costs.

**BCG Differentiated Approach:**

- Build opportunity analysis by driving to a clear set of savings levers (with 35+ specific initiatives) and associated opportunities by agency and category
- Conduct deep-dives into key vendors, including market position and financial outlook
  - Develop market analyses and vendor “fact pacts” to inform understanding of vendor financial incentives and business model
  - Study product and business unit positioning within the company to understand vendor internal incentives
  - Collaboratively partner with the Commonwealth to identify and refine points of leverage against vendors, both positive leverage (“carrots”) and negative leverage (“sticks”)
  - Provide analysis of observed vendor tactics to obscure costs and increase profits

Key BCG Insights for 2.B.3
<p>In our experience, a decentralized model in the public sector, presents opportunities across several initiatives, with some specific priority opportunities, e.g.:</p> <ul style="list-style-type: none"> <li>• Create umbrella contracts</li> <li>• Develop MSA agreements</li> <li>• Include performance metrics in vendor contracts</li> <li>• Assigned dedicated buyers for most important categories, with specialized knowledge</li> <li>• Concentrate volume in priority vendors for commodity categories / products / services</li> <li>• Develop multi-state cooperative agreements</li> </ul>

- Develop a tailored, commercially validated leverage deployment plan to ensure effective deployment
- Prioritized list points of leverage by vendor to counter tactics

**Deliverables:**

- Key drivers of vendor profit
- List of key actions to perform by agency and category
- List of actions for the Commonwealth to deploy against vendor negotiations
  - Including list of leverage (both “carrots” and “sticks) for deployment against vendors

**Representative resources:**

- Internal database of vendor incentives from previous efforts
- Network of former vendors and executives
- Detailed market research
- Publicly available vendor financial reporting

**Figure 14: BCG Inventory of Proven Procurement Levers and Initiatives to Identify Opportunities**

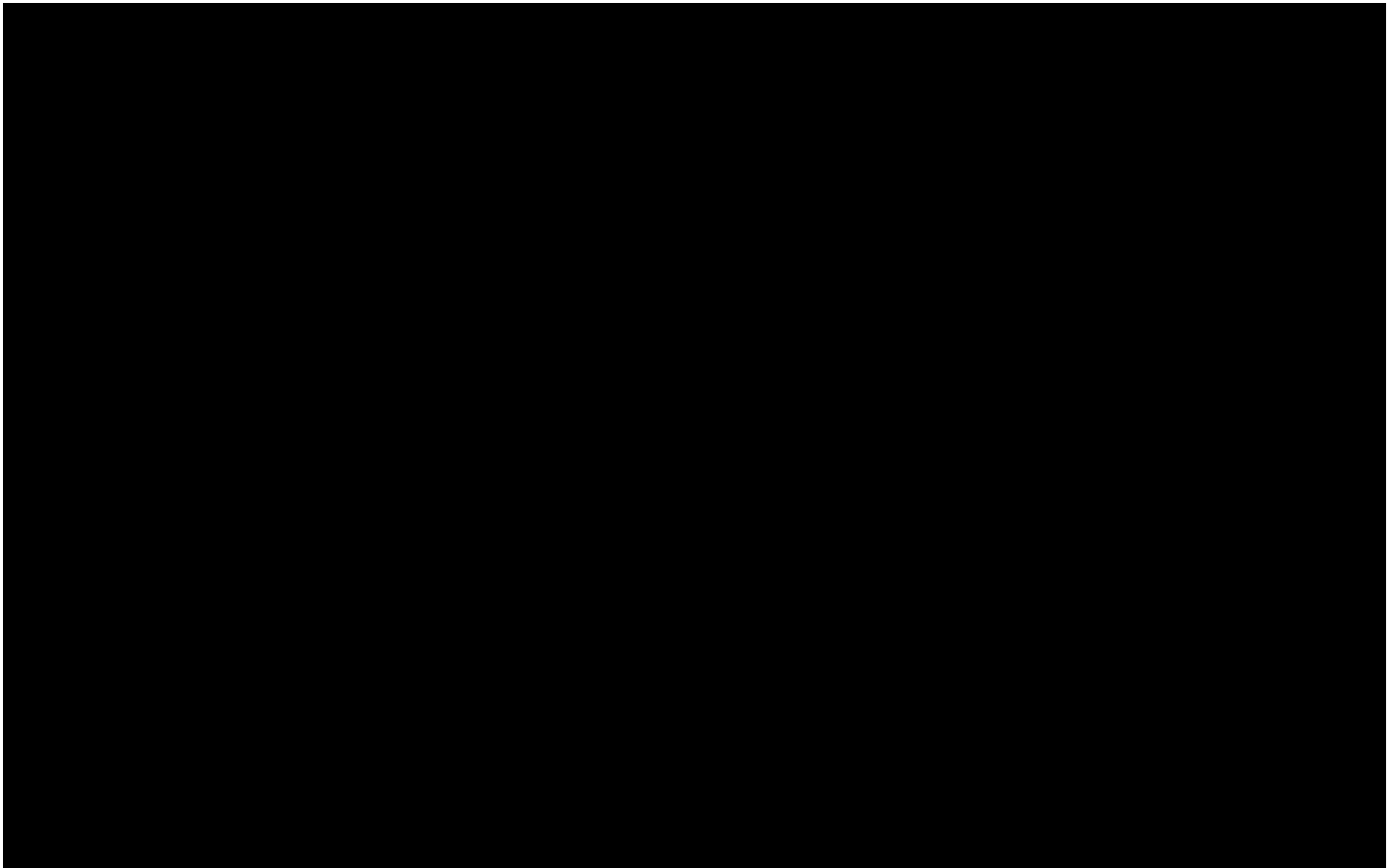


Figure 15: Initial Hypotheses for the Commonwealth on Highest-Value Levers for Top Categories Based on BCG Experience

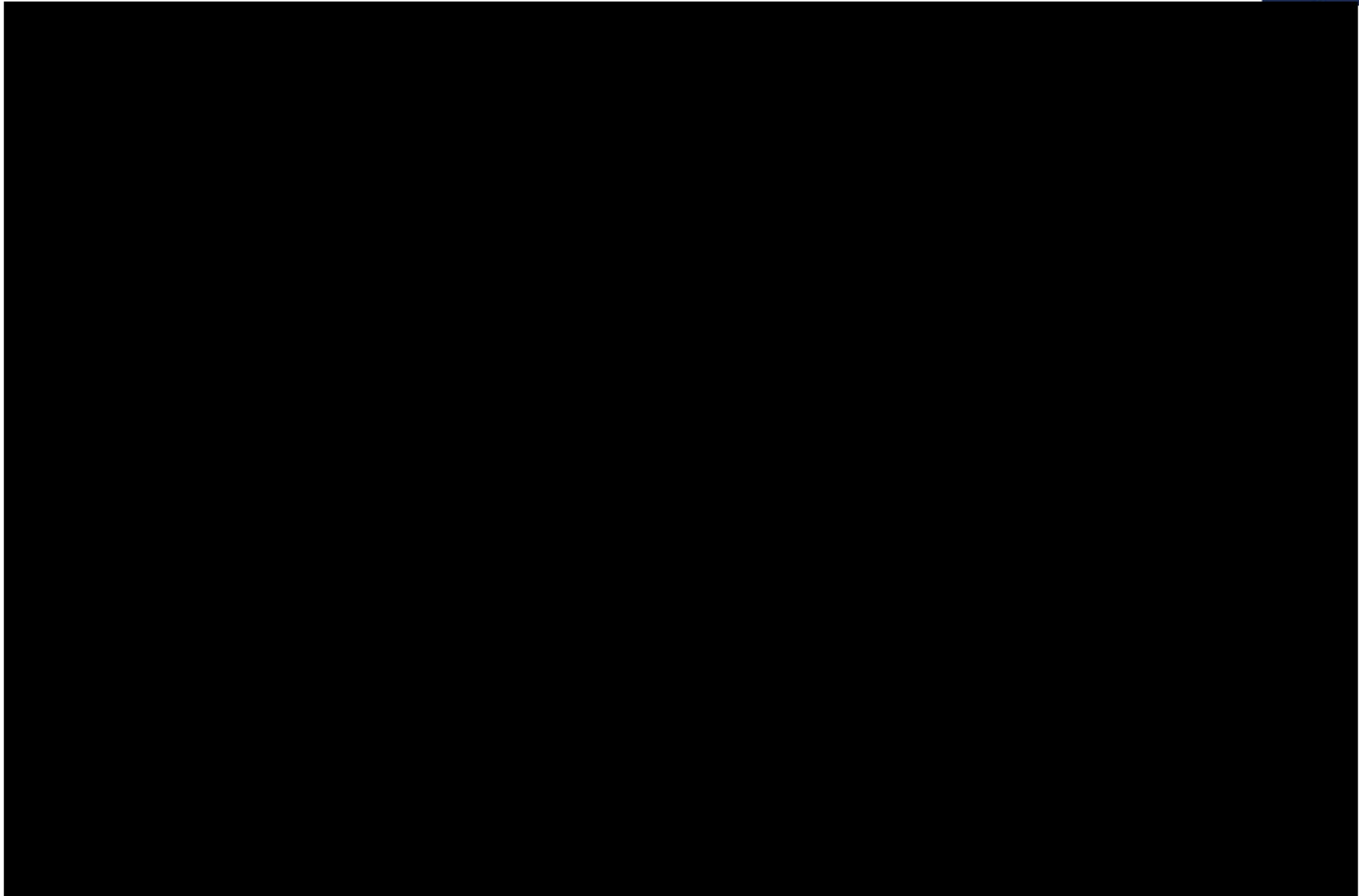




Figure 16: Example – Standardization of Spec for Software Purchases Across Agencies



Figure 17: Example Methodology for Assessing Sources of Leverage

<p><b>1</b> Determine sources of profit to the supplier</p>	<p>Define system / component's lifetime value to supplier</p> <ul style="list-style-type: none"> <li>Determine total revenue and profit pool throughout life cycle</li> <li>Determine how the revenue and profit will be dispersed across supplier levels (e.g., prime / subs)</li> <li>Determine share of supplier's overall financials made up by system / component                             <ul style="list-style-type: none"> <li>Perform for overall company, business unit, and business line levels</li> </ul> </li> </ul> <p>Understand external forms of leverage, e.g.</p> <ul style="list-style-type: none"> <li>Reputational (is the supplier doing biz with other gov't entities?)</li> <li>Strategic (is supplier trying to establish foothold with USG? Trying to win against rival?)</li> </ul>
<p><b>2</b> Executive compensation profiles / supplier team assessment</p>	<p>Investigate incentives of key decision makers</p> <ul style="list-style-type: none"> <li>Determine who (from supplier) is involved in the process (and their level(s) in the organization - key data point is financial decision making authority)</li> <li>Research the key drivers of their compensation (and which tactics will make the most impact)</li> </ul>
<p><b>3</b> Prioritize sources of leverage</p>	<ul style="list-style-type: none"> <li>Determine applicable sources of leverage</li> <li>Prioritize by their level of feasibility and potential impact using qualitative rating framework</li> </ul>
<p><b>4</b> Develop Targeted Negotiation Strategy</p>	<ul style="list-style-type: none"> <li>Determine your benchmark (what you want, when you want it, who you should negotiate with for it)</li> <li>Develop leverage deployment calendar - should be aligned to expected supplier engagement calendar during negotiations</li> <li>Each interaction is an opportunity to apply additional leverage depending on supplier compliance</li> </ul>

2.B.4 Phase 1 – Requirement e.

*Phase 1.e - Provide high level implementation roadmap: (1) assigning consultant(s) within agencies, (2) assists in contract negotiation efforts, (3) meet with legislature, if needed to provide independent expert perspective*

BCG develops a high-level implementation roadmap, prioritizing identified initiatives based on opportunity size and complexity of execution. Within the roadmap, BCG pairs consultant staff with relevant counterparts within the agencies (as well as central procurement). BCG plans to support the initial negotiation strategy, then work with contracting officers and program staff to update strategy and plans as negotiations progress. Finally, BCG will make available any expert required to meet with legislature.

**BCG Differentiated Approach:**

- BCG plans out the implementation by maximizing the speed of return while minimizing risk, assigning consultant support to Agencies with the greatest savings opportunities.
- The negotiation plan is developed as part of the overall planning process:
  - Leverage RFP accelerator to build, issue, and analyze vendor market data
  - Establish likely range of vendor responses and plan out extensive scenario analysis, using likely vendor responses to develop effective Commonwealth counter-responses
  - Pressure-test negotiation hypotheses and likely vendor thought-process with our internal network of former vendors and executives
  - Develop comprehensive negotiation packets, tailored to the specific vendors, with example responses to potential vendor pushback
  - Develop supporting exhibits to be shared with vendors to bolster negotiation team’s position, including detailed supporting analysis
  - Create vendor information templates to request additional data from vendors, as necessary, to fact-check vendor claims made in negotiation
  - Conduct “live” mock negotiations, with BCG representing the vendor position

**Key BCG Insights for 2.B.4**

Based on our experience, we will account for sufficient time to socialize implementation plans before execution starts.

All agencies need to be onboard to execute the program in a timely manner, and it is important to start gaining alignment with the largest agencies early on in the process to then facilitate getting alignment from the rest.

**Deliverables:**

- Develop high level roadmap to implementation for initiatives, including consultant support, negotiations, and expert interview plan

**Representative resources:**

- Activist Program Management
- Experience conducting negotiation training across USG and large F500 organizations
- Extensive network of former vendors and executives

Figure 18: Illustrative Initiative Prioritization Tool from BCG Procurement Playbook

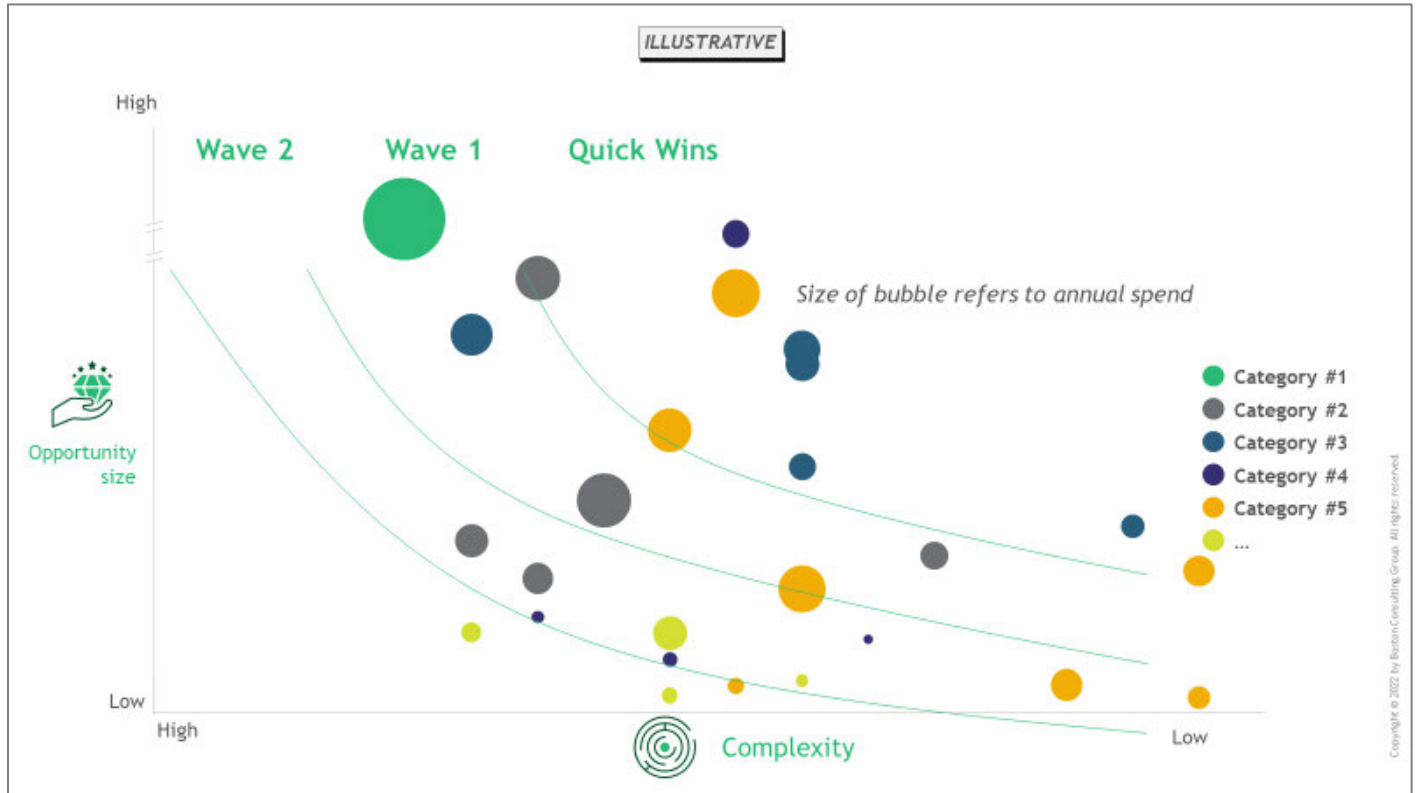
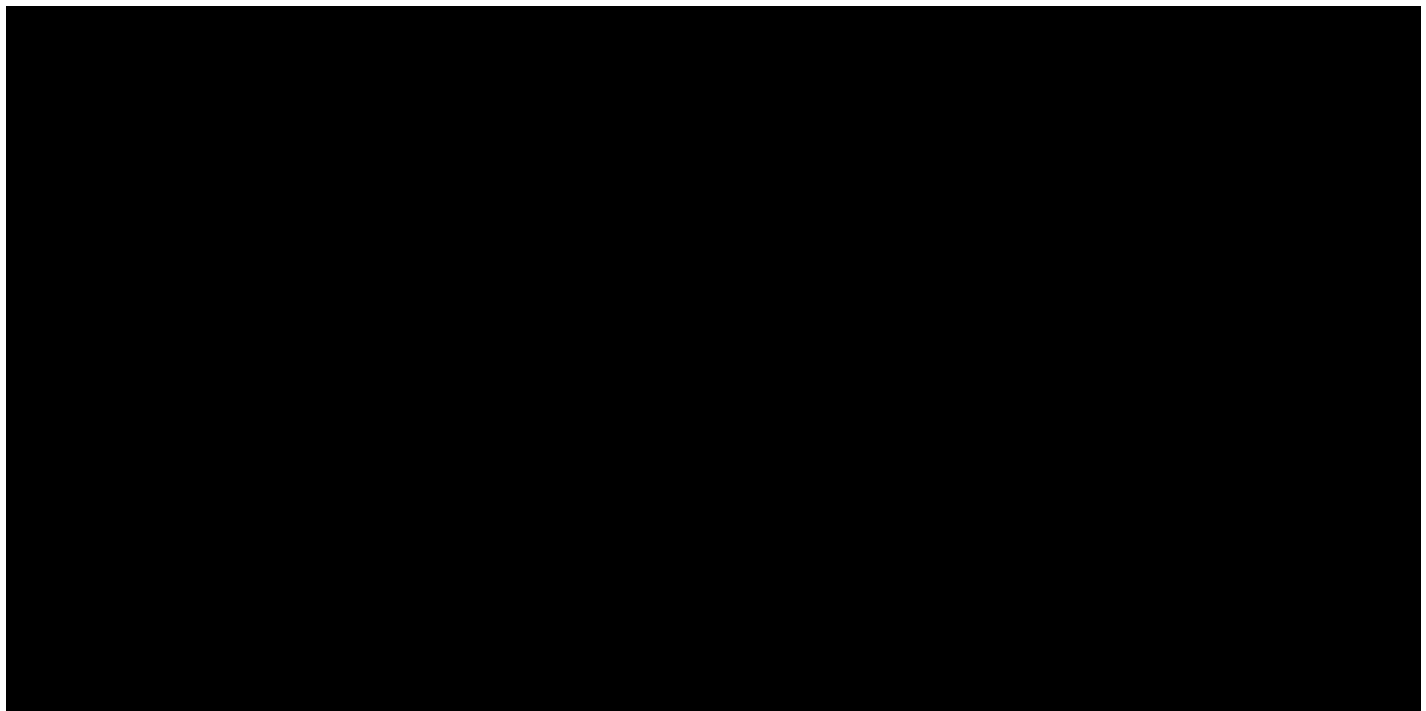


Figure 19: Illustrative Category Strategy Implementation Plan from BCG Procurement Playbook





2.B.5 Phase 1 – Requirements f-g.

*Phase 1.f - Identify improvements to source-to-pay process: (1) Map current source-to-pay process, (2) Identify opportunities to eliminate waste, (3) Propose a standardized process, and (4) Propose a best-in-class source-to-pay; Phase 1.g - Identify opportunities to achieve full potential of savings in the Commonwealth: (1) Identify current structure and operational model, (2) Propose a best-in-class structure and operational model and identify gaps in best-in-class, (3) Develop a training program, as needed to address any gaps identified, (4) Perform a capacity and skill level assessment, and (5) Identify digital opportunities to improve efficiencies in procurement/payment analytics*

Concurrently to sizing the opportunity, BCG will map the existing source-to-pay process and tailor our Strategic Sourcing, Category Management, and Procurement-Execution process to the Commonwealth, building a best-in-class source-to-pay process. In addition, we look at key enablers that support the source-to-pay process, including organization & capabilities, data & technology, and legal & regulations.

**BCG Differentiated Approach:**

**Source-to-pay process**

- Review current state of key processes with relevant stakeholders (e.g., central, agency procurement personnel) for source-to-pay, leveraging BCG’s Procurement Excellence Monitor:
  - Point-in-time Strategic Sourcing activities (e.g., category analysis, market analysis, strategy development, negotiations, award)
  - Ongoing Category Management activities (e.g., category performance, vendor performance, compliance & governance management)
  - Tactical Procurement Execution activities (e.g., demand planning, tendering, RFP management, billing, etc.)
- Identify key gaps vs. best-in-class models in both public and private sectors
- Formulate prioritized list of changes given impact and feasibility (e.g., degree of change management required)
- Understand unique challenges of implementing procurement excellence best-practices at the Commonwealth and collaboratively partner with stakeholders to overcome roadblocks
- Develop standardized, best-in-class source-to-pay process, with mid-state and end-state views
- Build training program to develop and reinforce key skills

Key BCG Insights for 2.B.5
<p>We have supported numerous private and public sector efforts in process redesign and improvement for procurement. This experience enables us to evaluate the Commonwealth’s source-to-pay processes, organization, capabilities, data &amp; technology and legal &amp; regulatory state rapidly against best-in-class models. Because of this experience, we also understand the nuances and difficulty of change, and will plan the transformation to maximize success.</p> <p>For example, best-in-class procurement structures clearly define roles and responsibilities of the center vs. agency vs. departments (e.g., center executes MSAs for key vendors, agencies execute the buys, and department sources / executes specialty buys). In addition, compliance to these roles and responsibilities are critical to the overall effectiveness of the organization (e.g., agencies and departments buy under central governed MSAs).</p>

**Key Enablers**

- Review current organizational structure and operating model with key stakeholders, leveraging BCG’s Procurement Excellence Monitor and OrgBuilder/OneBenchmark to benchmark vs. public and private sector data:
  - Degree of centralization vs. de-centralization
  - Size and reporting structure of the overall organization
  - Functional role and responsibilities within each agency and the Commonwealth
  - Commonwealth personnel capabilities
- Identify key org structure and operating model gaps vs. best-in-class models in both public and private sectors
- Develop best-in-class organizational structure & operating model, given impact & feasibility
- If necessary, train relevant Commonwealth personnel through BCG’s proprietary Procurement Academy, delivered previously by BCG to hundreds of corporate trainings



- Review current data governance and technology stack for procurement, leveraging BCG’s Procurement Excellence Monitor
- Identify key digital gaps vs. best-in-class in public and private sectors, with prioritized list of improvements given impact and feasibility
- Understand how short-term uncontrollable legal and regulatory requirements vs. controllable policy or norms guide procurement actions; develop proposals to adjust policies or norms if they constrain value

**Deliverables:**

- Maps of current and proposed source-to-pay processes, including Strategic Sourcing, Category Management, and Procurement Execution
- Detail current and proposed enablers, including organization & operating model, data & technology, and legal & regulatory
- Training program to upskill personnel and address key gaps
- Procurement Excellence Monitor results

**Representative resources:**

- BCG Procurement Optimization
- BCG Procurement Excellence Center
- BCG Procurement Academy & Excellence Center
- Org builder
- Commercially tested best-practices

**Figure 20: Illustrative Output of BCG “Procurement Excellence Monitor” Assessment**

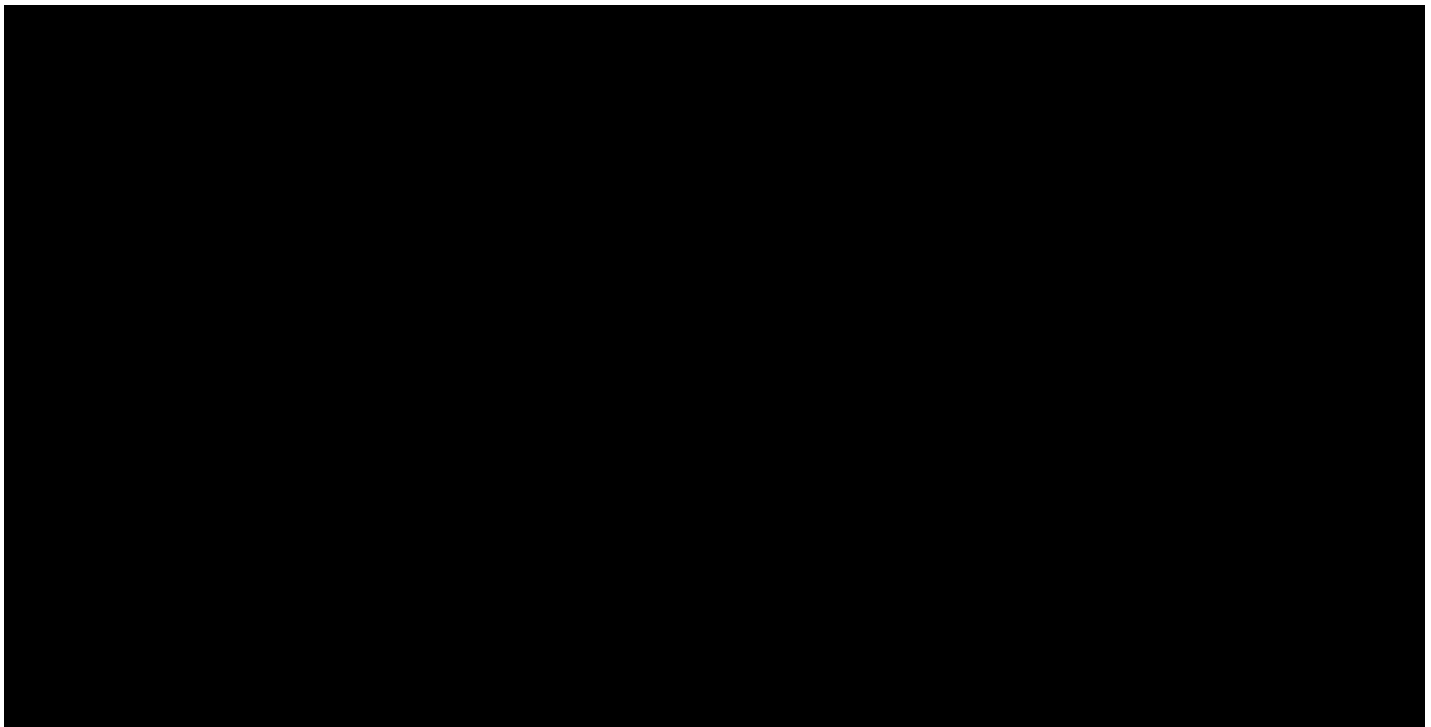


Figure 21: Example Source-to-Pay Process BCG Will Map

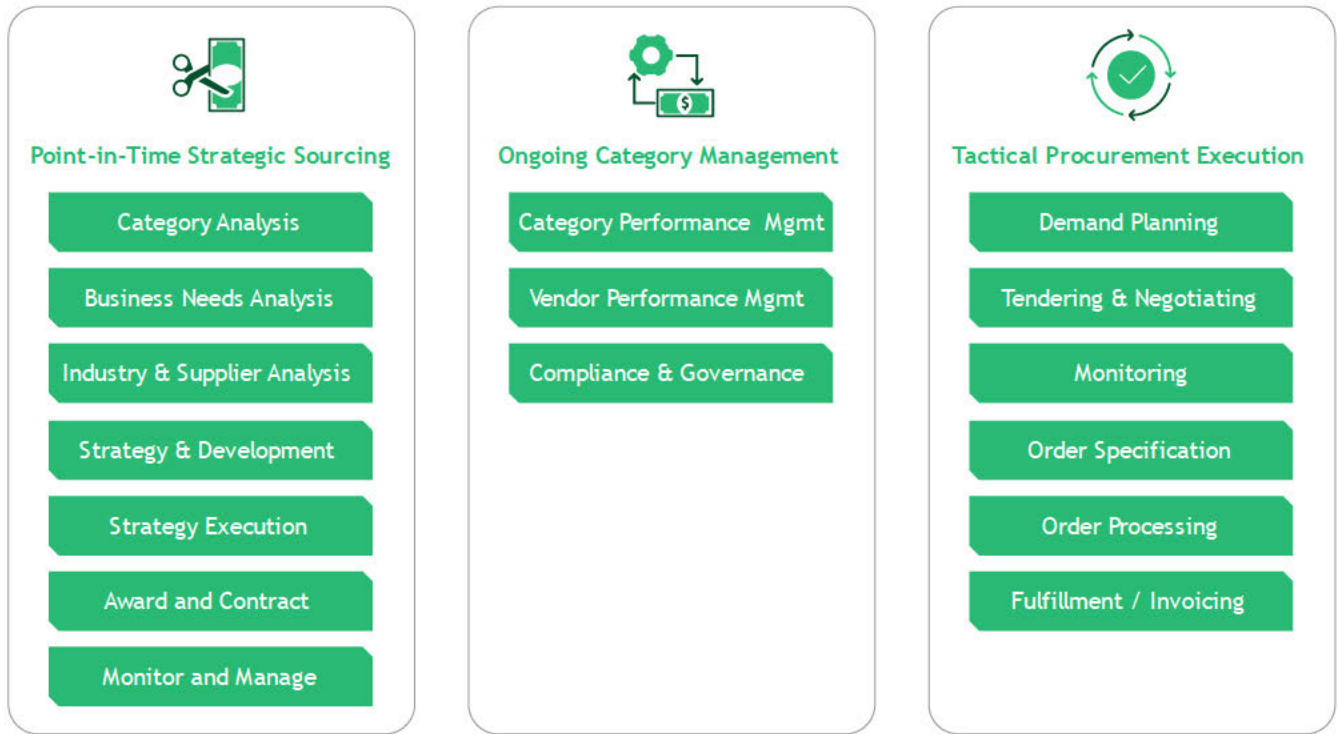


Figure 22: Constraints BCG Considers in Designing New Processes for the Commonwealth

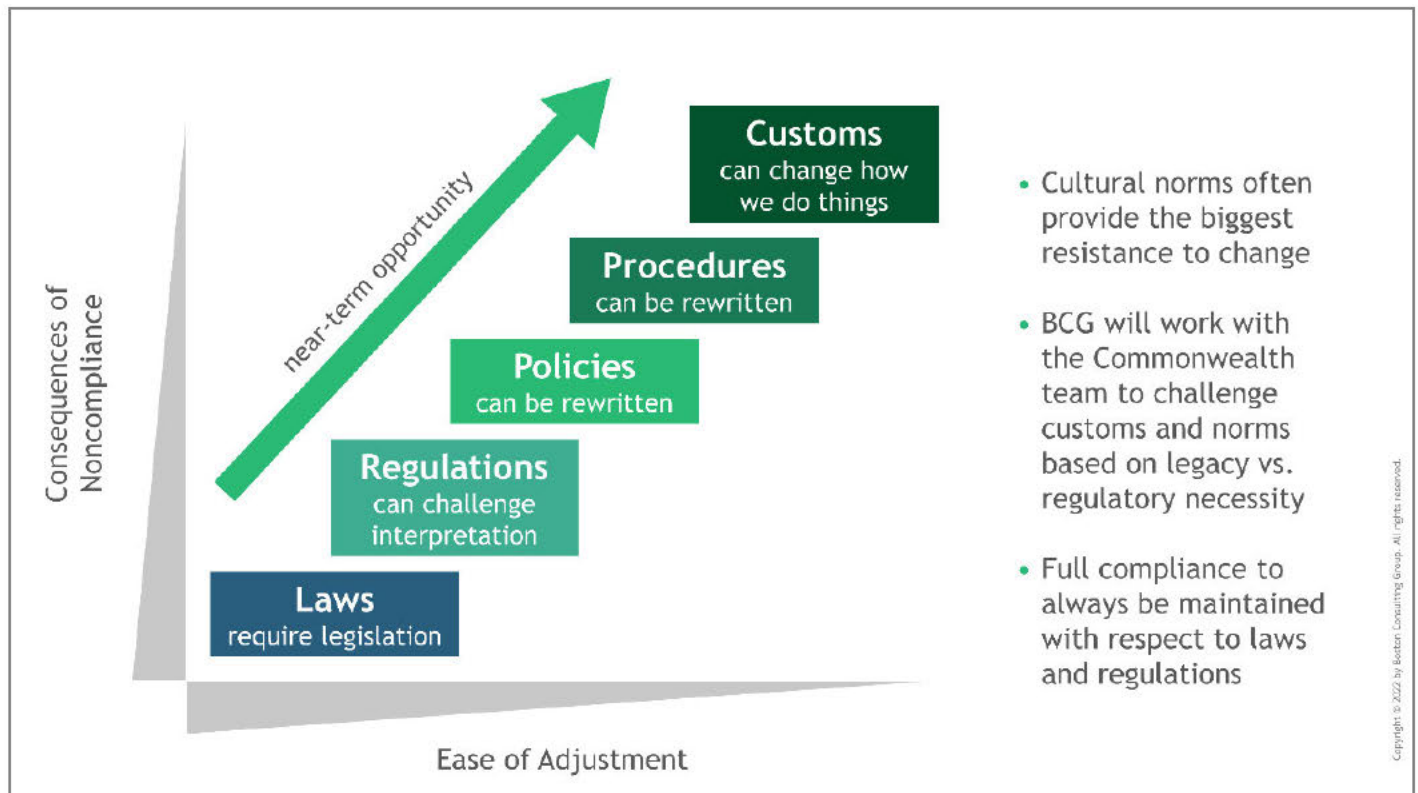


Figure 23: BCG “Procurement Academy” Training Program Overview

<p><b>Objectives</b></p> <ul style="list-style-type: none"> <li>Systematic mobilization of procurement teams</li> <li>Customized “on the job” coaching</li> </ul>	<p><b>Approach</b></p> <ul style="list-style-type: none"> <li>Assess capability gaps</li> <li>Define and customize training blocks</li> <li>Select training modules and timeline</li> <li>Workshops, assignments, and presentations for “real life” experience</li> </ul>	<p><b>Modules</b></p> <ul style="list-style-type: none"> <li>0 Introduction</li> <li>1 Spend analysis and prioritization of category optimization</li> <li>2 Ramp-up of cross-functional teams</li> <li>3 Internal &amp; external analysis                             <ul style="list-style-type: none"> <li>4.1 Definition of strategy and setting of targets—generate hypothesis</li> <li>4.2 Catalyst workshop</li> </ul> </li> <li>5 Detailing-out strategy along seven levers                             <ul style="list-style-type: none"> <li>5.1 Supplier management</li> <li>5.2 Bundling</li> <li>5.3 Best cost sourcing</li> <li>5.4 Demand management</li> <li>5.5 Process optimization</li> <li>5.6 Standardization and redesign</li> <li>5.7 Hire / Outsource</li> </ul> </li> <li>6 Tender process and supplier selection</li> <li>7 Supplier negotiation</li> <li>8 Implementation management</li> <li>9 Procurement performance measurement</li> <li>10 Quick win initiatives</li> <li>11 Commodity procurement</li> <li>12 Procurement @ PMI</li> <li>13 Procurement in downturn management</li> </ul>
<p><b>BCG involvement</b></p> <ul style="list-style-type: none"> <li>Capability review</li> <li>Customize training</li> <li>Coordinate preparation</li> <li>Conduct training sessions</li> </ul>	<p><b>Example Options</b></p> <ul style="list-style-type: none"> <li>1 day intensive</li> <li>3 or 5 day workshop</li> <li>Parallel multi-week training</li> </ul>	

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Figure 24: Example Training Materials to Facilitate Knowledge Transfer

<p><b>Key activities</b></p> <ul style="list-style-type: none"> <li>Set-up support &amp; enablement initiatives                             <ul style="list-style-type: none"> <li>Derive org and operating model implications from PEM diagnostics</li> <li>Structure PMO initiatives, roadmaps, KPIs, reporting process, risks, etc.</li> <li>Consolidate training needs and plan</li> </ul> </li> <li>Provide program support                             <ul style="list-style-type: none"> <li>Build spend baseline, track savings and initiatives progress</li> <li>Support teams conducting categories deep-dives</li> <li>Support enablement activities including training delivery</li> </ul> </li> </ul>	<p><b>Illustrative analyses &amp; outputs</b></p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="732 1276 1024 1444"> <p>Consolidated roadmaps of categories / initiatives</p> </div> <div data-bbox="1127 1276 1419 1444"> <p>Training sessions to be delivered by BCG trainers</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> <div data-bbox="732 1507 1024 1675"> <p>Organizational and operating model implementation</p> </div> <div data-bbox="1127 1507 1419 1675"> <p>Set up of Procurement Committee &amp; progress review</p> </div> </div>
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2.B.6 Phase 1 – Requirement h-i.

Phase 1.h - Provide suggested timelines to complete initiatives; Phase 1.i - Identify possible barriers or obstacles to achieve full potential

As part of the Phase 1 effort, we will lay out a structured timeline for the initiatives, with milestones that account for prioritized list of categories/agencies, complexity of execution, interdependencies with Agencies' calendars, and time to value realization. In addition, we proactively identify potential barriers to achieving full potential of identified opportunities – across people, processes, data, and skills - and potential mitigants (e.g., compliance vs. value).

BCG will use a Risk and Opportunity Registry (R&OR) to proactively track risks and opportunities throughout the project. The R&OR is an excel-based template that the project team reviews on a weekly basis with project leadership. The R&OR enables a structured dialogue to ensure emerging risks and opportunities are surfaced, and associated plans to mitigate or realize are put in place. For example, on a similar project that BCG just completed, the risk associated with a potential change in project sponsor emerged midway through the project. The risk was quickly identified on the R&OR, and the team identified specific mitigation actions to address the risk immediately. As a result, a second project sponsor was assigned to shadow the leaving project sponsor, which enabled a smooth transition.

**BCG Differentiated Approach:**

- Prioritize initiatives based on opportunity size, complexity to execute, legal / regulatory constraints, and
- cross-agency interdependencies
- Develop milestones / timelines to execute each initiative and comprehensive project plan
- Based on BCG's experience, identify potential execution risks to achieving full potential savings and proactively deploy mitigation strategies
- Leverage Risk & Opportunity Register methodology to track and prioritize risks

**Deliverables:**

- Comprehensive project plan with timelines / milestones to complete each initiative
- R&OR output with prioritized risks and mitigation strategies

**Representative resources:**

- BCG Activist Program Management
- R&OR tool

Key BCG Insights for 2.B.6
<p>From past experiences we have a good understanding of procurement initiatives timing but will work closely to understand considerations specific to the Commonwealth that might impact these timelines.</p> <p>In addition, we prioritize and accelerate the implementation of any potential quick wins to ensure value is realized as early as possible.</p> <p>As part of the planning phase the team also reads through contract clauses to adjust timing depending on opt out / termination considerations where applicable.</p>



Figure 25: Illustrative Project Execution Timeline

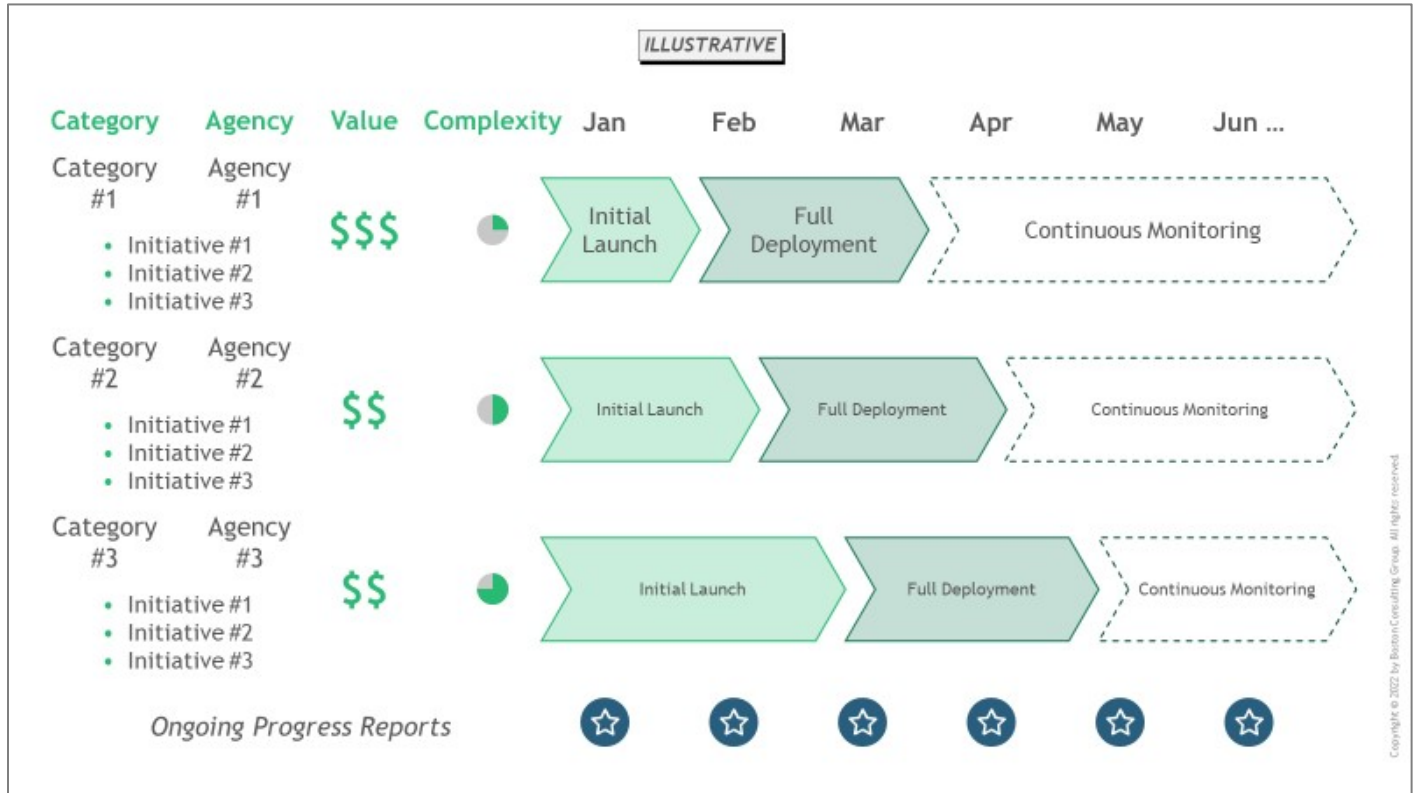
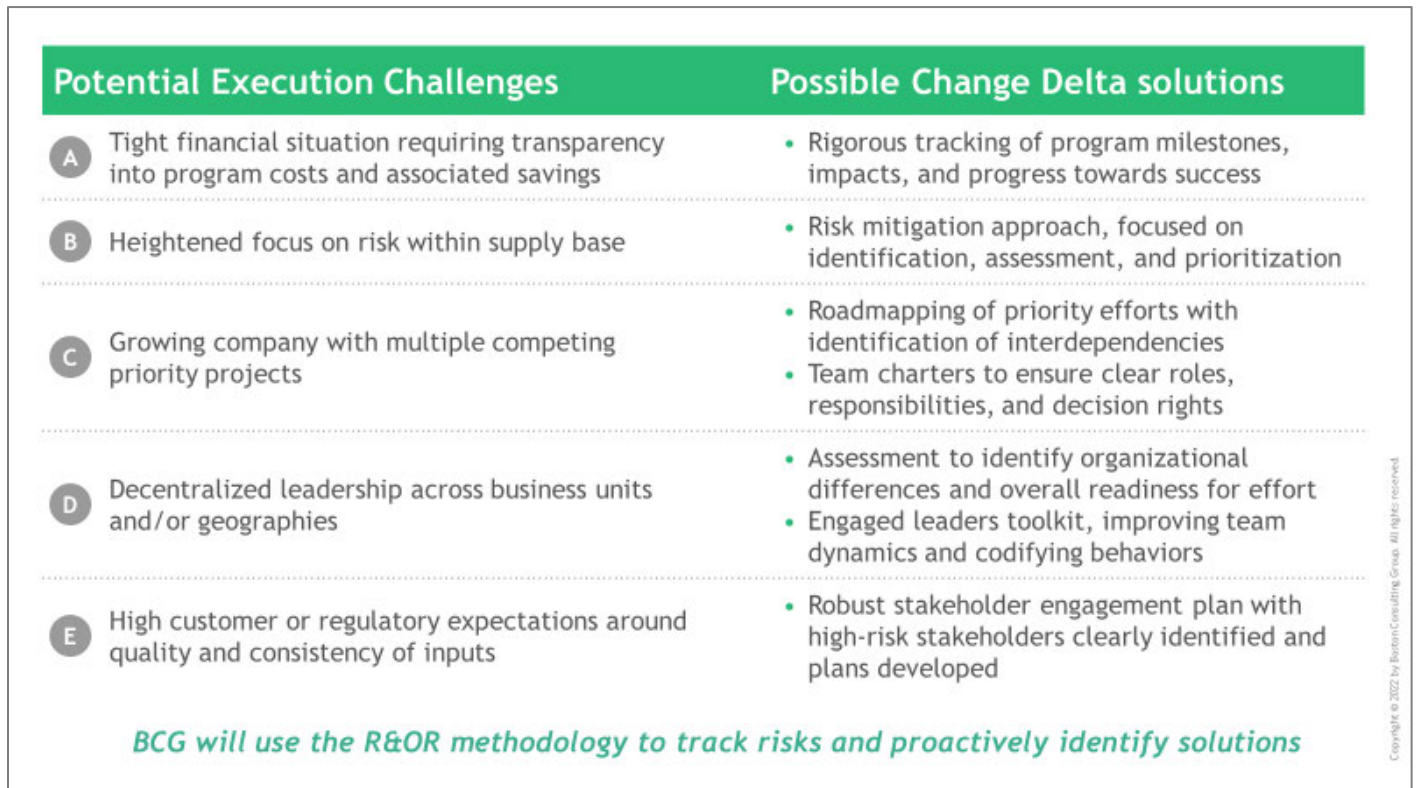


Figure 26: Potential Execution Challenges and Solutions from BCG Experience



### 2.B.7 Phase 1 – Requirement j.

*Phase 1.j - Provide report (Deliverable: Phase 1 Final Report) detailing the above and possible savings*

With the conclusion on Phase 1, BCG will provide a comprehensive report detailing the above, with savings estimates by category and agency.

#### **BCG Differentiated Approach:**

- Prepare final deliverable summarizing BCG’s findings and recommendations across the Phase 1 requirements that is ready for executive briefings
- Align with key stakeholders on whether to proceed, with initiatives prioritized against a standard set of criteria:
  - Opportunity size: Expected savings against baseline and/or opportunity cost of not executing
  - Feasibility: Ease of implementation, required investments, contractual limitations, etc.
  - Timing: Short-term quick wins vs. longer-term
  - Risk: Legal and regulatory compliance, certainty of supply and service, etc.
- Highlight quick wins for immediate execution in Phase 2 (e.g., interagency differences in rate cards, overbuys, etc.)

#### **Deliverables:**

- Final report summarizing Phase 1 work, including:
  - Strategic baseline
  - List of opportunities
  - Prioritization of opportunities, including quick wins
  - Current and future process mapping
  - High-level implementation plan
  - Recommendation whether the Commonwealth should proceed with initiatives

### 2.B.8 Phase 1 – Requirement k.

*Phase 1.k - Phase 1 Implementation: Provide proposal pricing to lead implementation of the Phase 1 initiatives*

Upon joint review of the report, BCG and the Commonwealth will partner to assess the degree of support for the next phase (and if any adjustments are necessary).

#### **BCG Differentiated Approach:**

- Prepare proposal pricing to lead implementation of Phase 1 initiatives based on historical procurement experience and Phase 1 discovery

#### **Deliverables:**

- Proposal to lead implementation of Phase 1 initiatives

### Phase 2: Detailed Planning and Implementation

#### 2.B.9 Phase 2 – Requirement a.

*Phase 2.a - Provide a portfolio of fully planned initiatives to achieve best-in-class*

BCG focuses Phase 2 on fully building out plans for each initiative by Category and Agency, including: opportunity size, owner, with category-specific strategy playbooks and action plan. Within the list of initiatives, we will identify and prioritize the execution of quick wins.

In parallel, BCG will plan in detail the transformation of the Commonwealth’s DPS to a best-in-class procurement function using our holistic approach – with clear goals, enabling the teams, implementing the right processes, and supporting it with the right data and technology solutions

**BCG Differentiated Approach:**

- Build plans for each initiative by category / agency, including category strategy playbooks and action plans, including mapping of quick wins – to prioritize their execution
  - Market analysis (identifying cost drivers, cost baselining, price trends, product teardowns, should-costing, etc.)
  - Category / agency initiatives and savings opportunities (e.g., bundling, standardization, etc.)
  - Building leverage (identifying executive compensation profiles, understanding vendor incentives, leverage sequencing, etc.)
  - Establishing negotiation tactics (e.g., affordability and RFP templates, target costs and KPIs, scenario modeling, etc.)
- Plan transformation for Commonwealth to achieve best-in-class procurement solution

**Deliverables:**

- Category playbooks that include initiatives by category and agency (including market analysis, key initiatives / savings opportunities, leverage points & savings opportunities, negotiation tactics)

**Representative resources:**

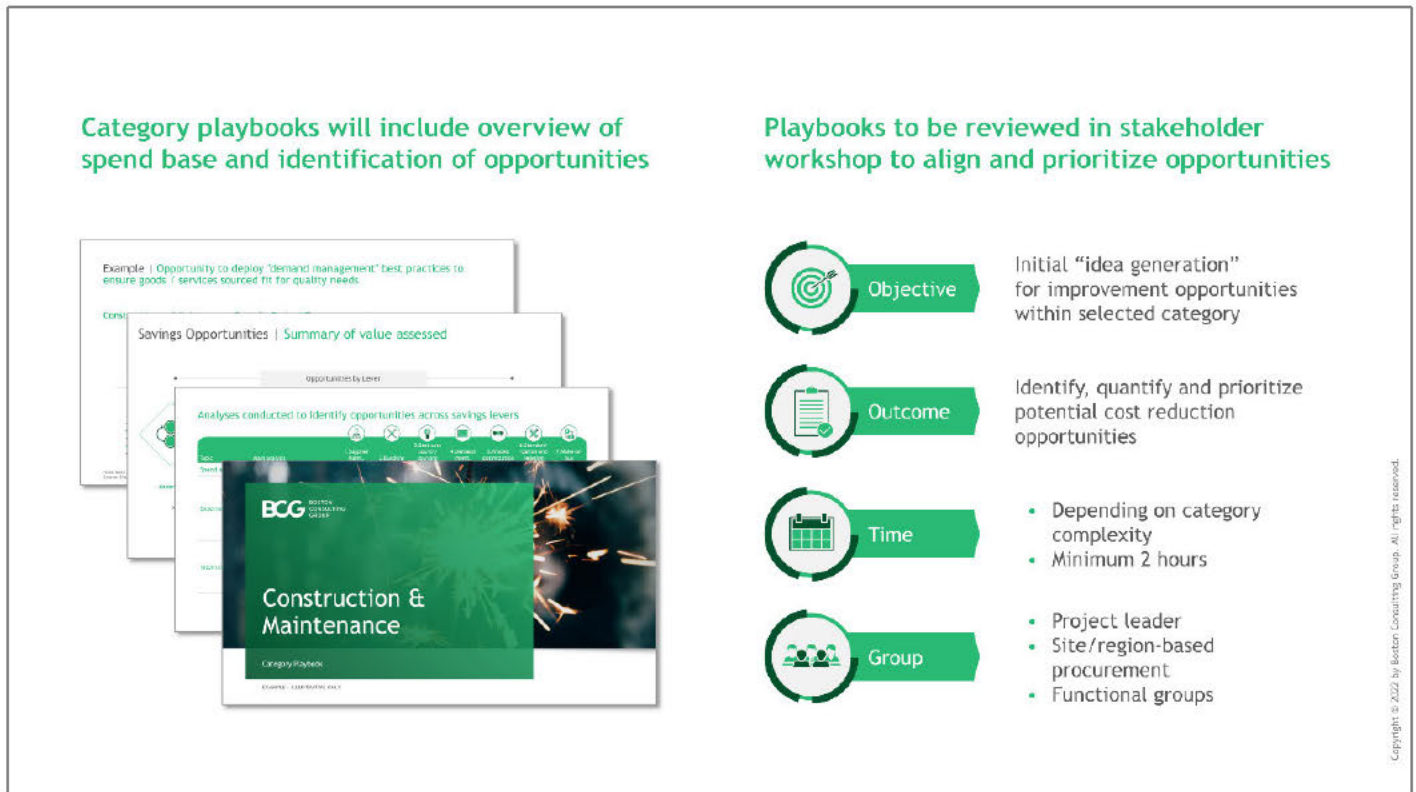
- Category Playbooks and Action Plans
- Procurement Excellence Center

**Key BCG Insights for 2.B.9**

Detailed initiative planning / category playbook are the key outcome for buyers and procurement officers to deliver on identified savings and therefore, these detailed initiatives need to:

- Have a clear objective
- Be specific – clear asks
- Be built together with the agencies/ procurement team, as teams will use them during implementation
- Be backed by a solid baseline analysis to prove the case for change

**Figure 27: Category Playbook Contents & Proposed Workshop Structure**



*Note: Example category playbook flow in Appendix (Figure 42)*



**Figure 28: Example Negotiation Prep Materials**

Principle	Description
1. Be prepared	Understand the key actions required with clear set of objectives, potential leverage, and a plan for questions. Plan the <u>message</u> , <u>medium</u> , <u>messenger</u> for each interaction.
2. Maintain control	You lead the meetings, set objectives, and define timelines. Not the supplier. Strategically schedule order of supplier negotiations to your advantage. Do not feel obligated to answer every supplier question
3. Always make an ask	Every meeting is an opportunity to gather information, obtain additional data, and meet objectives (e.g. price concessions, etc).
4. Set firm deadlines	Firm deadlines allow us to control the negotiation process, maintain maximum leverage, and avoid "run out the clock" supplier tactics
5. Don't expect or make concessions at the table	It is unlikely that a supplier concedes on the spot. You should not either, without significant consideration in return. You can always wait to respond.
6. Focus on facts	Anchor arguments to facts. Only when the supplier presents compelling evidence, will we change our position.
7. Document the meeting	There should be a record of what was agreed to, who owns specific action items, and when the next interaction will occur. Ensures you benefit from each interaction.
8. Every interaction is a negotiation	Every interaction is part of the negotiation, the entire team must present a consistent message. Use small interactions to extract data and re-inforce asks

**2.B.10 Phase 2 – Requirement b – d**

*Phase 2.b - Provide a detailed implementation plan to include milestone tracking and value realization of all initiatives; Phase 2.c - Provide suggested timelines to complete initiatives; Phase 2.d - Provide on-going progress reports and impact reporting to ensure successful implementation and value realization (during and after implementation of initiatives)*

BCG details an implementation plan with milestones, performance tracking and value realization against each initiative, including setting up an Activist Program Management Office to oversee implementation of both value initiatives and process, org, technology transformation.

The Activist Program Management Office sets up clear timelines with activities, interdependencies, and owners across agencies and provide ongoing progress reports, impact reporting, and intervention (where needed) to ensure successful implementation and transparency across stakeholders. The program focuses on value realization and enablement to make change stick in the Commonwealth.

**BCG Differentiated Approach:**

- Prepare charters summarizing current state, opportunity, and implementation plan for each initiative
- Set up milestone tracking for each initiative with clear owners and timelines
- Proactively address interdependencies, in particular cross-agency process implementation
- Build a comprehensive timeline for completion of all initiatives
- Set up impact reporting for execution of Phase 2 initiatives

**Deliverables:**

- Detailed implementation plan
- Suggested timelines to execute on initiatives
- Impact reporting template

**Representative resources:**

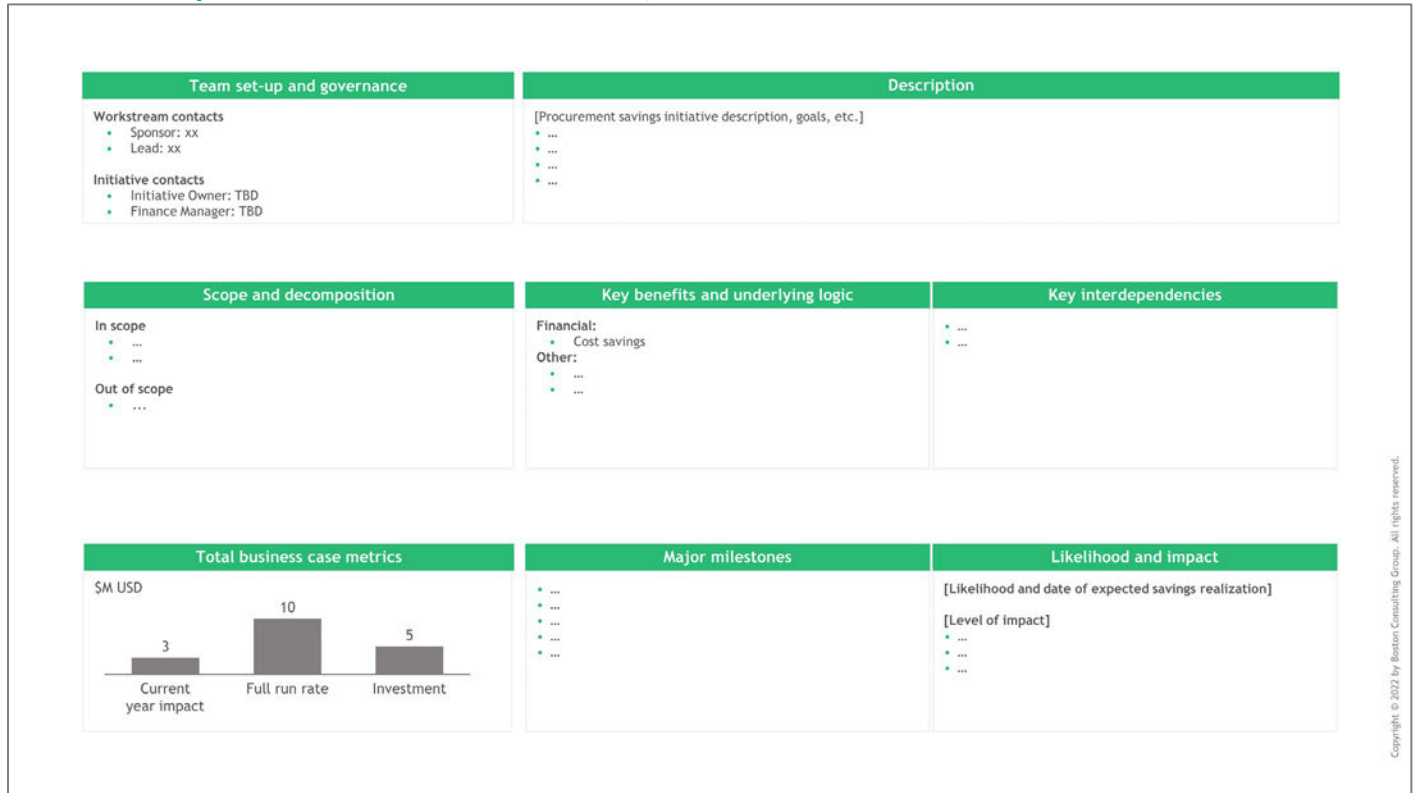
- Activist Program Management

**Key BCG Insights for 2.B.10**

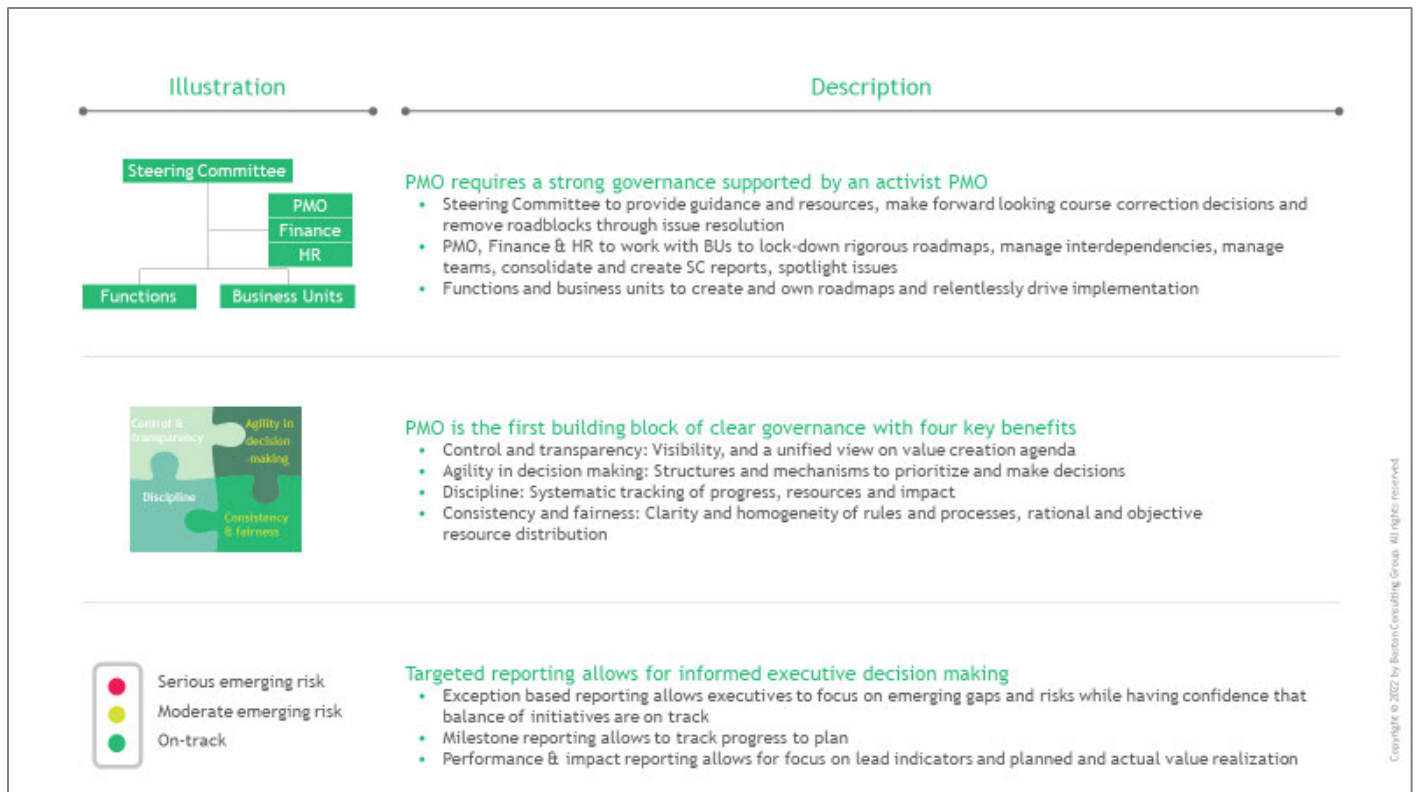
When building the detailed implementation plan it is very important to structure it as an integrated transformation plan, with clear value targets mapped to key milestones / dates.

Program should be centrally tracked, and reporting made simple, clear and using pre-aligned KPIs that are aligned across the organization.

**Figure 29: Example Initiative Charter Template from BCG Procurement Playbook (incl. Opportunity Details and Implementation Plan & Milestones)**



**Figure 30: Overview of Key Activist Program Management Office Concepts**



### 2.B.11 Phase 2 – Requirement e.

Phase 2.e - Provide report (Deliverable: Phase 2 Final Report) detailing the above (a-d)

With the conclusion on Phase 2, BCG will provide a comprehensive report detailing the above requirements, with savings estimates by category and agency.

#### BCG Differentiated Approach:

- Prepare final deliverable summarizing BCG's findings and recommendations across the Phase 2 requirements

#### Deliverables:

- Final report summarizing Phase 2 work

### 2.B.12 Phase 2 – Requirement f.

Phase 2.f- Phase 2 Implementation: Provide proposal pricing to lead implementation of the Phase 2

Upon joint review of the report, BCG and the Commonwealth will partner to assess the degree of support for the next phase (Phase 3 – Execute and Sustain).

#### BCG Differentiated Approach:

- Prepare proposal pricing to lead implementation of Phase 2 based on extensive procurement experience

#### Deliverables:

- Proposal to lead implementation of Phase 2

### 2.B.13 Proposed Resourcing and Workplan

We expect to execute the requirements for Phase 1 and Phase 2 in 90 and 120 days, respectively. Throughout, BCG will engage the Commonwealth with bi-weekly status updates, interim and final reports, and stakeholder alignment as needed.

In the first phase, we deliver all the requirements above in three steps:

- **First 30 days:** Focus on building an accurate multi-year spend baseline, digesting and cleaning all PO and Invoice data
- **30 – 60 days:** Identify key opportunities and translate those into initiatives (by category and agency), and start mapping existing processes and operating model (e.g., organization and capabilities, data & technology, and legal / regulation)
- **60 – 90 days:** Build high level implementation roadmap for opportunities, develop best-in-class processes and operating model, prepare and socialize finalized report

In the second phase, we deliver the requirements above in three steps:

- **First 60 days:** Build category play books that plan initiatives in detail by agency and start executing quick wins
- **60 – 105 days:** Capture value from quick wins and prepare detailed implementation plan
- **106 – 120 days:** Prepare and socialize finalized report

Through the duration of this engagement, we will deploy a core team to be in Richmond on a regular cadence and in-person for all key meetings (working model to be agreed upon with the Commonwealth). BCG Expert resources are remote for the duration and in-person for key meetings.



Figure 31: Detailed Workplan– Phase 1

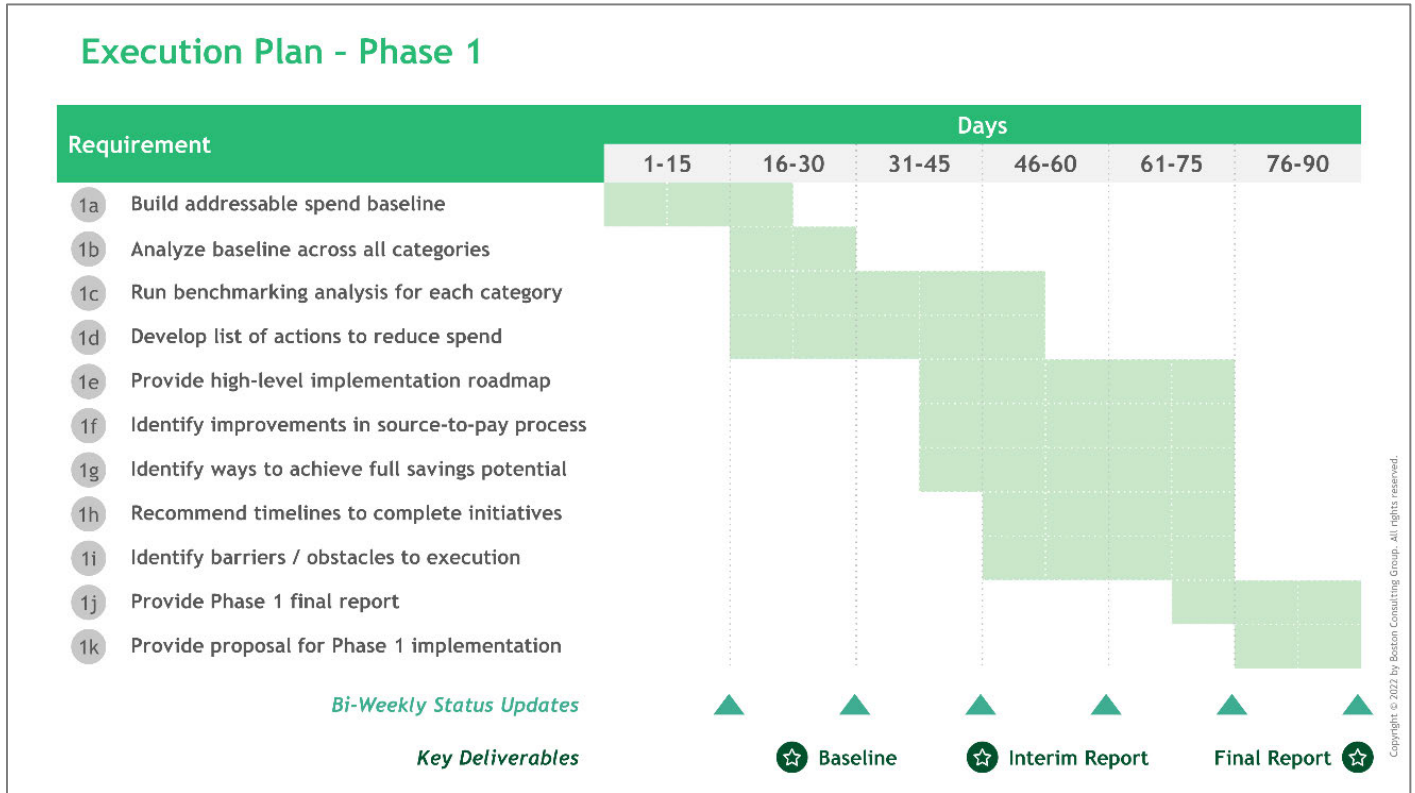
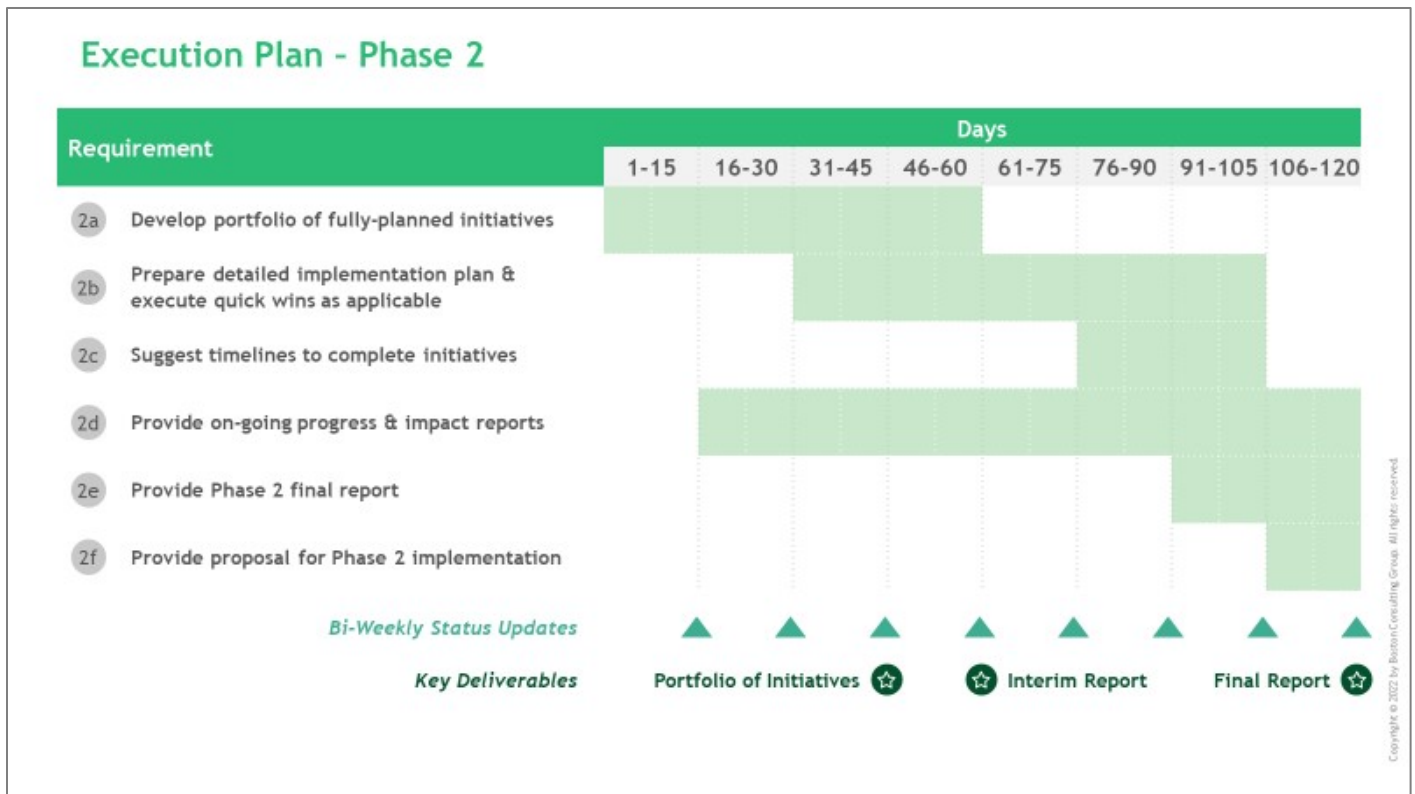


Figure 32: Detailed Workplan – Phase 2



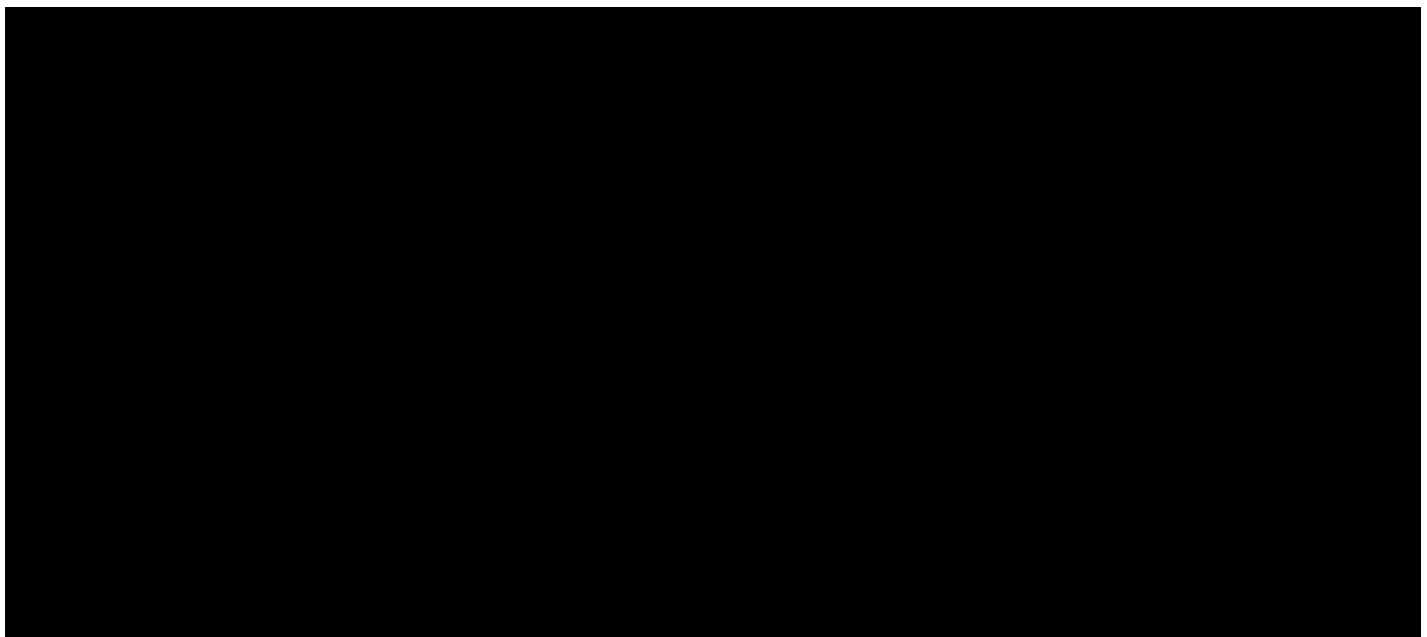
2.B.14 Diagnostic capabilities to identify challenges/barriers and provide recommendations

BCG possesses a unique and specialized combination of skills, knowledge, and expertise in order to meet Commonwealth's requirements for this RFP. Below are representative examples of the competencies that BCG delivers for each, identified capability.

**Ability to immediately provide deep, market-based insights and support across all industry sectors**

BCG's procurement expertise covers a diverse range of industries, and we have completed more than 990 projects during the last five years. BCG supports clients across all topics of the procurement landscape, including value delivery, operating model refinement, digitalization, product cost optimization, and procurement during periods of fiscal austerity.

**Figure 33: BCG Historical Procurement Project Savings Ranges Across Industries**



Our approach includes helping organizations effectively employ commercial levers, focused on vendors and sourcing processes, and technical levers, focused on the product and production processes, to achieve balanced and sustainable savings. Through this approach we have developed unparalleled market insights across the industries we support, including the public sector, and deliver lasting value to our clients, averaging from 5 to 25% across industries.

**Ready-to-deploy playbooks and approaches refined across a wide range of product and services negotiations, to include airborne and land assets, as well as multiple service vendors**

BCG has developed playbooks to address a wide range of procurement-related challenges, which draw on insights from multiple industries, but are easily adapted to meet industry-specific concerns. These playbooks cover topics across the full spectrum of procurement phases, including performing market analysis (identifying cost drivers, cost baselining, price trends, product teardowns, should-costing, etc.); building leverage (identifying executive compensation profiles, understanding vendor incentives, leverage sequencing, etc.), and establishing negotiation tactics (affordability and RFP templates, target costs and KPIs, scenario modeling, etc.).

BCG has effectively used these playbooks to support governmental clients helping improve their understanding of vendor costs, tactics, and negotiating strategies. The playbooks have been further refined with the knowledge

and insights derived from these engagements, and they are ready to employ for a wide range of public sector procurement projects.

### Access to vendor benchmarks gained through hundreds of previous, and related, procurement initiatives with the US Government and private sector entities

BCG's broad procurement experience has facilitated the development of internal benchmarks applicable to both our public and private sector clients, providing our teams with unique insight into performance against key indicators and detailed knowledge of vendor costs across numerous industries. Our cost transparency work for the government included examining and cataloging thousands of line items of spend, while our category management work has involved deep dive cost analysis on hundreds of programs, with thousands of individual components. These efforts have given us tens of thousands of cost benchmarks for US government vendors, including detailed price benchmarks for aerospace and defense OEMs and sub-tier vendors.

BCG's procurement work across other industries has enabled us to produce similarly deep benchmark resources for other sectors, which are available for reference as needed; further detail on the ONE Benchmark tool is provided in Figure 4. Additionally, we have access to external benchmarks from organizations such as the APQC (American Productivity & Quality Center), the world's leading authority in benchmarking, best practices, process and performance improvement, and knowledge management, and the Center for Advanced Procurement Strategy (CAPS), a nonprofit research center serving supply management leaders at Fortune 600 and Global 1000 member companies.

## 3 Tab 3 - Qualifications and Experience of Firm

### 3.A Organizational Structure

#### 3.A.1 BCG's Organizational Structure, History, and Locations of BCG's Offices and Principals

Team BCG is comprised of three industry leading firms: Boston Consulting Group, Spinnaker Consulting, and FMP. As a team, we operate over 100 offices, to include an in-person office in Richmond, VA (allowing us to facilitate in-person, offsite support with Commonwealth stakeholders, as desired, as well as staff this project with local citizens). Team BCG has a long history of prior engagement. Unlike many teaming arrangements, this opportunity is not our first time working together. Team BCG has a proven working model across all three constituent firms. We bring a powerhouse of combined capabilities, and we look forward to deploying them for the Commonwealth.

A unique aspect of Team BCG is our senior-level staffing model. We deploy seasoned professionals that have performed similar projects many times. Accordingly, many of our respective firm principals are also the personnel that will be directly engaged on this project. Detail on the proposed project staffing and firm principals are included below in Figure 37 and Figure 38.

Boston Consulting Group ("BCG") is a privately held, Massachusetts corporation. Founded in 1963, BCG was incorporated on July 28, 1967; BCG has offices in more than 90 cities in over 50 countries, and operates as one firm, worldwide. The Corporation is wholly owned by its 1300+ member partnership, of which no one partner owns more than 1% of its interests. BCG's offices are owned directly or indirectly by The Boston Consulting Group, Inc.

Spinnaker Consulting Group ("Spinnaker") is a privately held, Virginia limited liability corporation. Spinnaker was founded in 2012 in Richmond, Virginia to become the consultancy its founder always wanted to hire. It is a certified Veteran Business Enterprise (VBE) and a certified Commonwealth of Virginia Small, Women-owned, and Minority-owned Business (SWaM) entity.

FMP Consulting, a certified Small, Woman, and Minority Owned Business (SWaM) in the Commonwealth of Virginia, is a leading management consulting firm based in Arlington, VA with more than 29 years of experience serving as a trusted advisor to federal, state, and non-profit sectors in all areas of strategic management consulting. FMP has worked with every executive-level department in the Federal Government and more than



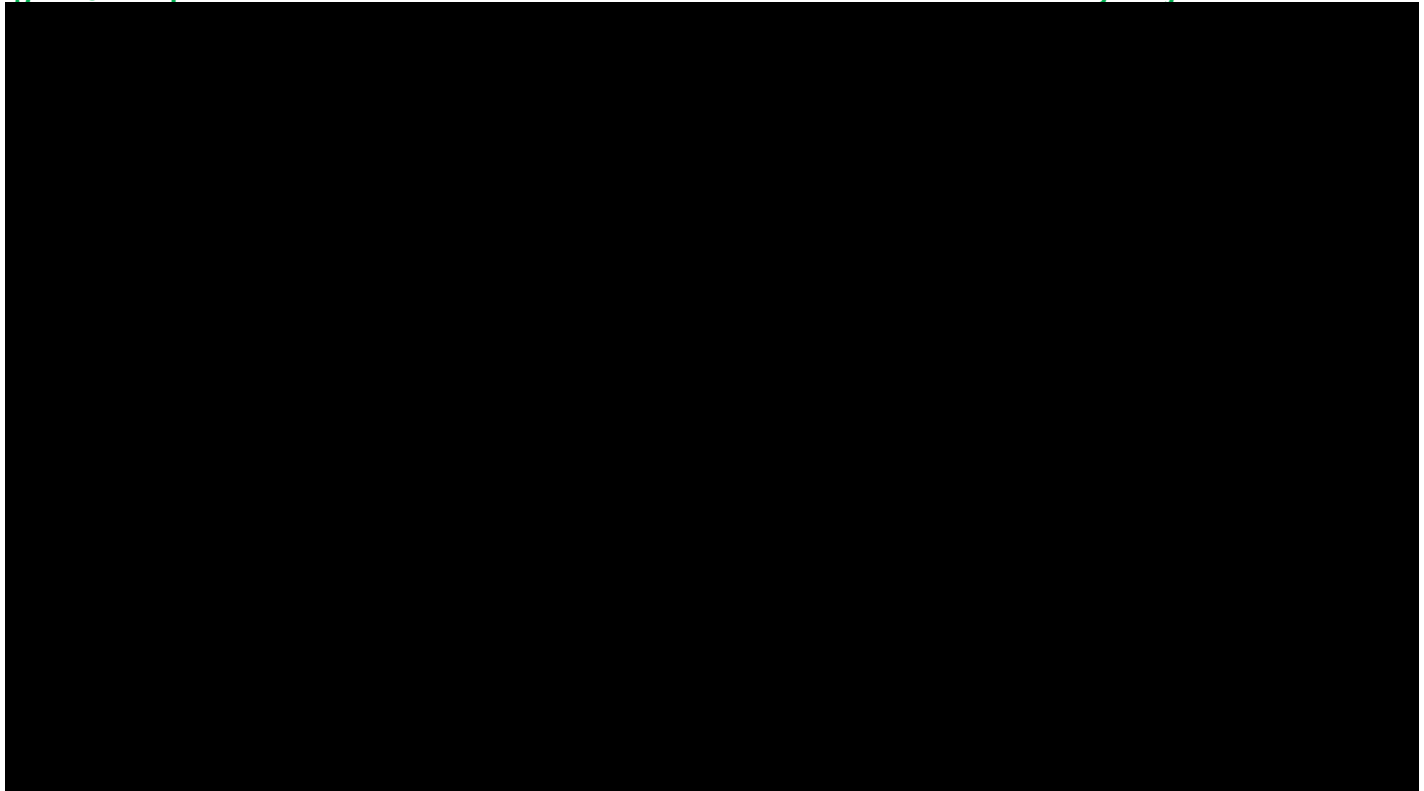
35 independent agencies. Within the Commonwealth of Virginia, FMP has worked with the Virginia State Police (VSP), Virginia Department of Emergency Management (VDEM), the Virginia Department of Game and Inland Fisheries (VDGIF), and the Virginia Museum of Fine Arts (VMFA). These experiences provide FMP with a deep understanding of the issues and opportunities facing Virginia government organizations, and FMP monitor's the factors that influence future-focused strategic plans, such as the state budget.

### **3.B Demonstrated Knowledge and Experience of Firm**

#### *3.B.1 Background of BCG's Spend Analysis and Procurement Consulting Experience*

BCG has executed over 990 procurement projects in the last 5 years across every industry and all procurement topics. Our prior experience includes providing services to Government Acquisition Offices, as well as to leading private sector companies. Over the course of the past ten years, we have delivered procurement excellence projects for 79 of the Fortune 100 companies. With these clients, we have tackled all procurement topics including reducing acquisition process timelines, achieving cost savings, strategic sourcing, vendor management, and enhancing skillsets of procurement staff. Across these clients, we have delivered on average between 15 and 50 percent reductions in acquisition cycle time or process steps. We have also achieved 5 to 25 percent in cost savings in parallel. Representative government and non-government experience, and the results of our recommendations, include:

#### **Figure 34: Representative List of Clients BCG has Worked with on Cost Efficiency Projects**



For a firm to be successful in this effort, it needs to have a highly specialized experience, including extensive public and private sector experience, deep understanding of the state government context, direct experience transforming State and Federal procurement, previous projects on operating model and organizational structure transformation, and a team of experienced professionals, including former government agency leaders and members of procurement functions.

BCG's experience qualifies us to perform the work in the SOW. Below we highlight seven representative vignettes to represent our prior experience to deliver the exact requirements identified in the SOW across a spectrum of sector and service/product areas, as well as addressing challenges like those that the Commonwealth is experiencing (Figure 1).

3.B.2 Examples of client work relevant to the Commonwealth

The below project examples feature the quantified cost reductions and acquisition cycle time that our procurement recommendations regularly achieve. Also featured, but less prominent, is BCG’s consistent ability to deliver sustainable change for our clients. BCG is committed to enabling our clients through practical and relevant recommendations, training, tools, and artifacts, so that you are successful after we depart. Successfully equipping our clients for success is a hallmark of BCG’s approach and experience, and is recognized:

- BCG is externally ranked #1 among all consulting firms for both organizational change management (by *ALM Vanguard* industry rankings), as well as strategy and implementation thought leadership (by *Source for Consulting* independent rankings)
- The BCG delivery team practices a proven, collaborative approach that makes our clients’ experiences better. Based on survey results, our clients intend to work again with BCG 93% of the time, which is a leading mark among management consulting firms

Figure 35: Summary of Proven Return on Investment in selected experiences

Ex. #	Client Description	How services were beneficial	Improved operational efficiencies / time effort savings	Cost savings
1	Department of Transportation of a US state	Defined transformation roadmap with short and long-term impact, to deliver better procurement processes and cost savings	Re-designed source to pay process and solutions to regulatory constraints	<b>\$1,000M</b> identified (10% of base)
2	Department of the Federal Government	Improved service delivery and reduced costs – refocusing resources to key activities	Create shared services org. with centralized operations, and optimized procurement processes with SOPs	<b>\$900M</b> identified
3	Department of the Federal Government	Received approval from Congress to pilot key changes proposed in assessment with significant cost savings	Improved vendor negotiations	<b>\$400M</b> identified
4	Division of Purchase of a US State	Defined transformation roadmap with 11 specific initiatives to drive speed, value, compliance, agency satisfaction, and employee morale	Re-designed category strategy, vendor performance management, and key metrics	<i>Not applicable</i>
5	Healthcare client	Fully completed global integration of procurement organization in 3 months and captured \$250M in savings in 60 days; with solid op. model defined	Optimized sourcing planning process and defined capability gaps, with clear central vs. business unit roles	<b>\$1,000M</b> identified
6	Railroad transit operator	Reduction in OpEx and CapEx and build capabilities to sustain improvements	Optimized procurement processes	<b>\$140M</b> identified
7	Maintenance & Construction for a Retail client	Reduction in maintenance costs, and new operating model for 1,500 person maintenance organization	New process for 3P vendor management (i.e. sourcing)	<b>\$240M</b> identified



**Figure 36: Examples of past projects relevant to the Commonwealth**

<b>Example 1: Procurement transformation for a Department of Transportation of a US state across all categories, with identified savings of ~\$1B (~10% of addressable base)</b>	
<b>Similarity to VA</b>	<ul style="list-style-type: none"> <li>✓ <b>Scope:</b> Procurement transformation – focus on savings, and operating model</li> <li>✓ <b>Client:</b> Department of Transportation (2<sup>nd</sup> largest agency for VA)</li> <li>✓ <b>Complexity:</b> Value identified in line with opportunity for VA</li> </ul>
<b>Context</b>	<ul style="list-style-type: none"> <li>• Client is a Department of Transportation for a large US state – annual budget of ~\$10B</li> <li>• Client responsible for development and maintenance of highways, ports, airports</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Improve overall performance of client’s procurement processes</li> <li>• Generate procurement cost savings</li> </ul>
<b>BCG Approach</b>	<ul style="list-style-type: none"> <li>• Ran diagnostics               <ul style="list-style-type: none"> <li>• Compared current setting with best-in-class organizations</li> <li>• Benchmarked key performance metrics of procurement function</li> <li>• Mapped spend across categories, vendors, and organizational buckets for prioritization</li> <li>• Mapped key processes and tools</li> </ul> </li> <li>• Developed recommendations               <ul style="list-style-type: none"> <li>• Mapped regulatory constraints</li> <li>• Developed recommendations to overcome gaps, within the identified constraints</li> </ul> </li> <li>• Planned roll-out of initiatives               <ul style="list-style-type: none"> <li>• Defined and recommended 16 key initiatives, to be deployed in three waves – and four organizational changes necessary to enable procurement improvement</li> <li>• Listed example opportunities for immediate implementation</li> <li>• Provided recommendations for new ERP system design</li> </ul> </li> </ul>
<b>Impact</b>	<ul style="list-style-type: none"> <li>• Identified ~\$1B in savings opportunities (~10% of base)               <ul style="list-style-type: none"> <li>• \$120M - \$155M from category management and bundling levers</li> </ul> </li> <li>• Prepared deployment plans for long-term initiatives (e.g., unified purchasing catalogs, design-to-cost, and org change enablers)</li> </ul>

<b>Example 2: Procurement transformation for a Department of the Federal Government across all categories, with identified savings of ~\$900M</b>	
<b>Similarity to VA</b>	<ul style="list-style-type: none"> <li>✓ <b>Scope:</b> Procurement transformation – focus on savings, and operating model (processes &amp; org)</li> <li>✓ <b>Client:</b> Federal agency providing healthcare services (3<sup>rd</sup> largest agency for VA)</li> <li>✓ <b>Complexity:</b> Value identified in line with opportunity for VA</li> </ul>
<b>Context</b>	<ul style="list-style-type: none"> <li>• Client is a Department of the Federal Gov. providing healthcare services through medical centers</li> <li>• Client facing decreasing patient satisfaction and service quality in parallel with increasing costs (+9% YoY)</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Boost service delivery and improve costs:               <ul style="list-style-type: none"> <li>• Enable front-line workers to focus on clinical care</li> <li>• Refocus resources to the front line – off of back-office support</li> </ul> </li> </ul>
<b>BCG Approach</b>	<ul style="list-style-type: none"> <li>• Built business case for establishing shared services organization               <ul style="list-style-type: none"> <li>• Created plan to consolidate back-office support under one org and realign performance improvement management on an enterprise level</li> <li>• Analyzed cost / benefits for consolidating</li> </ul> </li> <li>• Developed standard processes to drive best-in-class support services               <ul style="list-style-type: none"> <li>• Created agency-wide SOPs &amp; best practices, starting w/ procurement</li> <li>• Trained key procurement officers on new procedures</li> </ul> </li> <li>• Designed future-state human resources organization utilizing local and central units, including:               <ul style="list-style-type: none"> <li>• Shared services for transactional activities (e.g., timecards)</li> <li>• Centers of Excellence for specialized services (e.g., retirements)</li> </ul> </li> </ul>
<b>Impact</b>	<ul style="list-style-type: none"> <li>• Identified savings opportunities of ~\$900M in the procurement organization</li> <li>• Supported creation of shared services organizations to provide centralized back-office services (where appropriate)</li> <li>• Identified gaps in current services and developed plans to fill with new service offerings</li> </ul>



**Example 3: Procurement transformation for a Department of the Federal Government across all categories, with identified savings of ~\$400M**

<b>Similarity to VA</b>	<ul style="list-style-type: none"> <li>✓ <b>Scope:</b> Procurement transformation – focus on savings &amp; support to obtain approval from Congress to implement</li> <li>✓ <b>Client:</b> Government entity</li> <li>✓ <b>Complexity:</b> Value identified in line with opportunity for VA</li> </ul>
<b>Context</b>	<ul style="list-style-type: none"> <li>• Client is part of a Federal Government department – operates hundreds of retail stores selling goods to federal employees</li> <li>• Facing budgetary constraints and reform pressure – congressional oversight</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Improve client’s budget position by identifying business reforms (incl. pricing, manufacturer negotiations, review of brand strategy)</li> </ul>
<b>BCG Approach</b>	<ul style="list-style-type: none"> <li>• Conducted a broad set of interviews with client officials to understand details of their business model</li> <li>• Reviewed and developed a detailed analysis of client’s financial and operational data</li> <li>• Performed extensive site visits to document the merchandising situation, traffic flow, inventory situation and other operating conditions</li> <li>• Conducted extensive benchmarking of client operations to other retail operations</li> <li>• Ensured ongoing communication to senior stakeholders, incl. via briefings to Congress</li> </ul>
<b>Impact</b>	<ul style="list-style-type: none"> <li>• Identified over \$400M in savings opportunities in assessment submitted for congressional consideration</li> <li>• Received approval from Congress for client to pilot key changes proposed in assessment</li> </ul>

**Example 4: Procurement transformation for a Division of Purchase of a US State – implementation roadmap built across 11 workstreams, with a focus on operating model re-design and capability, and 3 priorities piloted**

<b>Similarity to VA</b>	<ul style="list-style-type: none"> <li>✓ <b>Scope:</b> Procurement transformation – focus on operating model &amp; capabilities, including training curriculum, category strategy</li> <li>✓ <b>Client:</b> US state</li> <li>✓ <b>Complexity:</b> Equivalent number of agencies</li> </ul>
<b>Context</b>	<ul style="list-style-type: none"> <li>• Client is a procurement division for a large US state</li> <li>• Existing procurement processes ineffective – opportunities to improve speed, value, compliance, agency satisfaction, and employee morale</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Conduct effectiveness review of state procurement – 5 dimensions considered: <ul style="list-style-type: none"> <li>• Strategy and role of the division in the context of State government</li> <li>• Stakeholder engagement model with State agencies and departments</li> <li>• Organizational structure and staff capabilities (talent management)</li> <li>• Business processes and regulation</li> <li>• Technology and tools</li> </ul> </li> </ul>
<b>BCG Approach</b>	<ul style="list-style-type: none"> <li>• Conducted detailed diagnostic of current state to identify salient pain points and areas of opportunity: <ul style="list-style-type: none"> <li>• Deployed Procurement Excellence Monitor survey with procurement division staff and external stakeholders</li> <li>• Conducted spend, process, and organizational structure diagnostics</li> <li>• Interviewed 30+ stakeholders and procurement division staff</li> <li>• Researched State procurement benchmarks</li> </ul> </li> <li>• Based on diagnostic findings, BCG led solution identification and implementation roadmap design: <ul style="list-style-type: none"> <li>• Collaborative (workshop-based) identification of key levers and prioritized interventions, including estimated value</li> <li>• Validated proposed interventions with key stakeholders</li> <li>• Proposed implementation approach and developed detailed roadmap, including pilot model with large client agency</li> </ul> </li> <li>• Piloted initiatives with 2 agencies to implement best practices identified in diagnostic <ul style="list-style-type: none"> <li>• First pilot prioritized category strategy, solicitation management, and negotiation based on priority contracts valued over \$120M in spend</li> <li>• Second improved business requirements, evaluation process and criteria, and vendor mgmt.</li> </ul> </li> </ul>
<b>Impact</b>	<ul style="list-style-type: none"> <li>• Created diagnostic report with detailed baseline across key dimensions of performance</li> <li>• Outlined specific improvement levers:</li> </ul>



	<ul style="list-style-type: none"> <li>• Creation of category strategy, vendor performance management, and performance metrics tracking</li> <li>• New stakeholder engagement approach</li> <li>• New staff training curriculum</li> <li>• Org. structure improvements</li> <li>• Changes to operating procedures</li> <li>• Tech enhancements</li> <li>• Developed implementation roadmap for 11 discrete work streams, including project management model and proposed client agency pilot for new stakeholder engagement model</li> </ul>
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**Example 5: Procurement transformation for a Healthcare client, with identified savings of ~\$1B (5% of addressable base), and ~\$250M captured in first 2 months**

<b>Similarity to VA</b>	<ul style="list-style-type: none"> <li>✓ <b>Scope:</b> Procurement transformation – focus on savings, and operating model (processes and organization)</li> <li>✓ <b>Client:</b> Private client in Healthcare (3<sup>rd</sup> largest category of spend in VA)</li> <li>✓ <b>Complexity:</b> Value identified in line with opportunity for VA</li> </ul>
<b>Context</b>	<ul style="list-style-type: none"> <li>• Client is a multi-billion dollar Healthcare company</li> <li>• Client is acquiring another Healthcare company and procurement is a key source of merger savings, and timing is critical</li> <li>• Significant variations between acquirer and target in terms of org, operating model, procurement systems, and processes / policies</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Conduct sourcing planning and org design</li> <li>• Deliver procurement savings with speed</li> </ul>
<b>BCG Approach</b>	<ul style="list-style-type: none"> <li>• Assessed companies' procurement organizations to identify key gaps and prepare a plan to address</li> <li>• Supported selection of org model, designed "boxes and wires", and managed the talent process</li> <li>• Identified critical change management and capability issues and developed a plan to address, incl. road-shows to engage business unit stakeholders and training programs to address skill gaps</li> <li>• Road shows to engage BU</li> <li>• Developed detailed category level plan including initiatives, geographies, targets, sourcing teams, and benefit timing</li> </ul>
<b>Impact</b>	<ul style="list-style-type: none"> <li>• Identified \$1B+ in savings and delivered \$250M+ in first 60 days</li> <li>• Set up consistent org and op model with clearly-defined central and business unit roles</li> <li>• Fully completed global org integration within 3 months of deal close</li> </ul>

**Example 6: Procurement transformation for a Railroad transit operator, with identified savings of \$140M, and \$10M captured in first 2 months of implementation**

<b>Similarity to VA</b>	<ul style="list-style-type: none"> <li>✓ <b>Scope:</b> Procurement transformation – focus on savings, and reviewing 100% of the spend base</li> <li>✓ <b>Client:</b> Private railroad transit operator client (5<sup>th</sup> largest category of spend for VA)</li> <li>✓ <b>Complexity:</b> Need for quick win implementation and enablement</li> </ul>
<b>Context</b>	<ul style="list-style-type: none"> <li>• Client is a railroad transit operator</li> <li>• Client seeking to reduce both OpEx and CapEx through savings with vendors and building key procurement capabilities to sustain</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Diagnose opportunity for savings</li> <li>• Lead execution of the procurement transformation, incl. supporting negotiation with key vendors</li> <li>• Deploy proprietary tools to support client</li> </ul>
<b>BCG Approach</b>	<ul style="list-style-type: none"> <li>• BCG conducted a robust diagnostic on current performance:             <ul style="list-style-type: none"> <li>• Reviewed 100% of existing spend and built a spend cube detailing costs by department and vendor/vendor; benchmarked spend</li> <li>• Identified 30 opportunities to save \$80 – 140M run-rate across direct and indirect costs</li> <li>• Applied BCG's Procurement Excellence Monitor assessment and conducted belief audits to build comprehensive inventory of 17 capability improvement opportunities</li> </ul> </li> <li>• Generated strong buy-in for the transformation across the entire organization through BCG Activist PMO approach (with procurement function, senior exec team, and "end users" throughout business)</li> <li>• With CEO support, launched comprehensive program to capture the full potential of the transformation:</li> </ul>



	<ul style="list-style-type: none"> <li>• Full range of capability building and savings opportunities</li> <li>• All supported by BCG's extensive expertise and proprietary frameworks for program and change management infrastructure</li> <li>• Given criticality of effort and need for change, rolled out a Steering Committee with the CIO, CPO, CFO and COO</li> </ul>
<b>Impact</b>	<ul style="list-style-type: none"> <li>• Identified ~\$140M in run-rate savings opportunities</li> <li>• Successfully supported execution of savings capture against initial set of initiatives, targeting \$60M run-rate savings (exceeded this goal)</li> <li>• First \$10M of savings secured in initial two months</li> <li>• Capability building completed across the organization as an integrated part of the savings program: "Learn one, do one, teach one"</li> </ul>

<b>Example 7: Maintenance &amp; Construction procurement transformation for a Retail client, with identified savings of ~\$240M (~30% of addr. base) – Phase 1 rollout is exceeding goal</b>	
<b>Similarity to VA</b>	<ul style="list-style-type: none"> <li>✓ <b>Scope:</b> Procurement transformation – focus on savings, and operating model</li> <li>✓ <b>Client:</b> Private client on Construction/Maintenance (Largest category of spend for VA)</li> <li>✓ <b>Complexity:</b> Mix of models to manage (different agencies in VA)</li> </ul>
<b>Context</b>	<ul style="list-style-type: none"> <li>• Client is a multi-billion dollar convenience retailer – 10K+ stores in North America</li> <li>• Mix of in-house / outsourced maintenance models across regions</li> <li>• Multi-year deals with legacy 3P providers, limiting negotiations</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Reduce client's maintenance costs</li> <li>• Set up processes for client to manage maintenance spend and vendor negotiations moving forward</li> <li>• Transition primarily to in-house maintenance model</li> </ul>
<b>BCG Approach</b>	<ul style="list-style-type: none"> <li>• Identify / size opportunity for in-house maintenance program</li> <li>• Set up process for 3P vendor management (i.e., new sourcing methodology)</li> <li>• Develop roll-out proposal for changes</li> <li>• Train client team on contract negotiation</li> <li>• Design roll-out timeline / milestones</li> <li>• Enable client team on new processes</li> <li>• Set up process, targets, timelines for hiring into org</li> </ul>
<b>Impact</b>	<ul style="list-style-type: none"> <li>• 30% reduction in maintenance costs (~\$240M)</li> <li>• 80%+ stores planned to switch to in-house maintenance</li> <li>• 10%+ improvement in SLA compliance with 3P vendors</li> <li>• New operating model deployed for ~1,500-person maintenance organization</li> </ul>

**3.B.3 How BCG translates lessons from private sector clients to government entities**

From our private sector experience in procurement transformations, we've learned that most key lessons translate directly into our government work.

When working with governments, our work is further enhanced by using external benchmarks easily accessible across agencies and states in the US, providing a higher level of transparency and speed to execution to identify savings potential for our clients. In summary:

- Procurement transformations (public and private) follow the same approach (strategic sourcing, category management, and execution)
- We use equivalent levers and initiatives to drive value for our clients - translating learnings on negotiation and RFP processes to the public sector
- Savings targets are equivalent across private and public entities
- The potential to centralize is limited in the public sector, and finding the right balance is a key goal when designing the operating model
- Compliance is even more relevant in public sector set-ups, where decision rights are sometimes fragmented across agencies



### 3.C Additional Services

BCG is a leading global consulting firm with a growing portfolio of business consulting services, experts, and tools to serve any of the Commonwealth's evolving needs. We advise clients across 18 different topic areas, including: business transformation, innovation strategy and delivery, operations, organization, people strategy, risk management and compliance, and zero-based budgeting.

Within the public sector, BCG brings its expertise to clients across five key sectors on topics ranging from people and organization to operations and cost to transformation:

- **Economic Development, Finances, and Central Government:** Supporting with development strategies, creating clusters for industry development, enhancing government and org capabilities, and unlocking leverage from existing sources of funding
- **Education, Employment, and Welfare:** Supporting with education systems, workforce solutions, organization adaptation, and connecting labor and welfare systems
- **Defense & Security:** Supporting with acquisition excellence, digital innovation, sustainment, and organization transformation
- **Health Care Systems:** Supporting with collaboration and coalition building, payment models, population health models of care, and health informatics / digital health
- **Infrastructure & Cities:** Supporting with transport authorities, city government, infrastructure financing, and real estate / facilities management

BCG works with our clients under a close, collaborative partnership model, helping them think about challenges coming in the future in addition to those faced today. We would be happy to engage with the Commonwealth leadership on any additional topics of interest beyond the scope of this RFP.

### 3.D Litigation

BCG, Spinnaker, and FMP Consulting are not engaged in litigation or aware of any pending litigation, which we believe could adversely impact: (i) our ability to perform under any contract with the Commonwealth of Virginia; or (ii) otherwise satisfy our obligations as they become due.

### 3.E Clients

BCG promises confidentiality in every contract it signs with clients and most of BCG's clients prefer to keep their relationship with BCG confidential. Our policy requires us to gain our client's permission before sharing information about them with third parties. All clients listed in this proposal have given explicit permission to be cited and represent organizations with similar standing to the Commonwealth – in addition to the above, there are many who have asked to remain confidential. However, they are usually quite open to specific requests from prospective clients regarding specific engagements. We would be pleased to provide specific references if and when a particular project of mutual interest is identified.

We can share that BCG works with some of the world's most innovative companies. Many of BCG's clients rank among the 500 largest corporations in North America, Asia, Europe and Australia. BCG also advises mid-sized companies, non-profit organizations, and government agencies. Globally, the firm also has a strong history of helping not-for-profit organizations make an impact on society.

Our clients bring us in for the most challenging issues, so we do not maintain a constant presence at many clients. 93% of BCG clients actively seek to work with us again, which is the high mark across the consulting industry.

## 4 Tab 4 - Qualifications and Experience of Key Personnel

### BCG will dedicate the best team that the industry can offer to this project

BCG has assembled a team of qualified personnel who have collectively demonstrated significant success in supporting the projects of similar size, scope, and complexity for both Governmental and non-Governmental clients. On this day-to-day project team, the Commonwealth receives over 200 years of collective experience successfully reducing client costs and improving procurement. There is no “curveball” that this team has not seen, and we look forward to enabling the Commonwealth with this experience.

Through our work, our team has reduced acquisition costs on average of 5 to 25 percent, improved acquisition processes, and reduced acquisition cycle times by an average of 15 to 50 percent. Our team has experience in applying agile methodologies to improve quality and reduce timelines for business processes, including procurement. Additionally, our team has deep expertise and experience working both in/with State governments and private sector clients in similar engagements.

Furthermore, BCG has a large bench of consulting experts that possess the requisite procurement and analytical capabilities to support this initiative. We deliberately select a project team for each respective task that collectively and individually possess the right experience and demonstrated success delivering acquisition excellence to effectively enable the Commonwealth.

To ensure maximum alignment of BCG expertise tailored to the respective study or analysis focus area, BCG assigns specific staff to the project once the Commonwealth determines the specific domain focus areas/categories/contracts/agencies in the respective effort. For example, if the Commonwealth requests BCG support to review an information technology (IT) category, we will ensure that we deploy a tailored team with IT experience.

In addition, BCG will deploy BCG TURN, a special unit within BCG that helps organizations orchestrate effective transformations. The team is especially experienced in situations requiring fast, focused action and urgent need to change, delivering immediate impact while concentrating on what the organization must do to sustain a successful change far into the future. We do this through a rigorous, proven methodology for rapid sustainable impact, working shoulder-to-shoulder across the client organization, leveraging practitioners, and sharing the outcome with the client.

Our team members are committed to the success of the Commonwealth. In addition to the team’s technical expertise in procurement, agile methodologies, State government, and private sector clients, our team has years of public service experience, including at the highest levels of the US Government. We want to partner with you and will work tirelessly to ensure that our deliverables and support represent both the best that BCG delivers, as well as the best that our Commonwealth deserves. We are excited to be your partner to achieve greater acquisition excellence, while at the same time delivering a capability that well outlasts the duration of this contract.

### The Commonwealth will be supported by an industry leading team

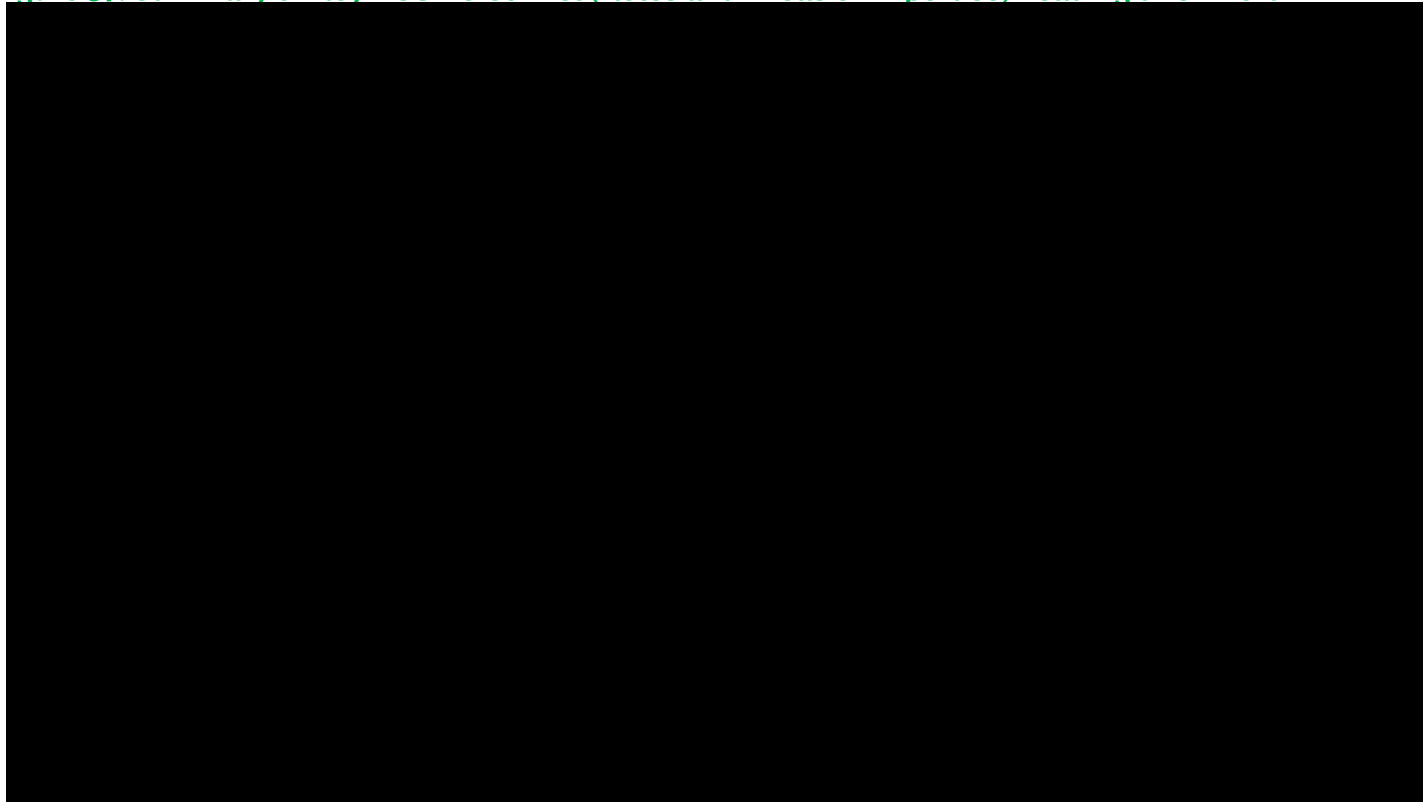
We have designated an industry leading **core team for this effort**, with both Public and Private sector experience, procurement, and large-scale transformation experience that bring the best of BCG.

BCG’s team includes the highest-quality staffing mix drawing from a national pool of consultants and a single point of accountability with Matthew Schlueter as the day-to-day lead on the ground. Matthew and the team will bring in specialty resources and senior advisors as needed to fully execute the project.

The staffing model will also include robust escalation mechanisms – Matthew has direct access to Christoph Schweizer, BCG CEO, and to Sharon Marcil, North America Public Sector Lead and part of BCG’s 5-person

Global Executive Committee. Sharon supports project execution and engages at critical project decision points. Both Christoph and Sharon will support issue resolution if project obstacles arise.

**Figure 37: Summary of Key BCG Personnel (Roles and Areas of Expertise) Leading this Effort**



**How we mitigate for conflicts of interest**

As one of the foremost global strategy consulting firms, BCG is highly sensitive to the trust that our clients place in us around the world. Accordingly, we maintain extreme measures to ensure that our client equities are secure. The management consulting industry has received high scrutiny of late, including high-profile inquiries by US Congress regarding firms supporting both the government and private sector companies (and the conflict of interest and perceived impaired judgement that resulted), strategy consulting firms using their strategy recommendations to enable other business with the same client, and strategy consulting firms making direct personnel decisions on behalf of administrations.

While other management consulting firms are “in the press” for potential malfeasance and impaired client judgement, BCG is not. We take great strides in our internal processes, policies, and robust governance to ensure that our clients are not placed in a position to question our judgement, impartiality, and objectiveness. For us, this service is fundamental in any of the projects we choose to undertake and provides the Commonwealth with the most objective perspective available in the management consulting market. We are proud of our objectivity and stand ready to work side-by-side with the Commonwealth to support a robust set of impactful recommendations.

Procurement projects are among the most common projects that BCG delivers for clients. As part of these projects, we proactively mitigate any instance of perceived or real conflict of interest. Typically, conflicts of interests emerge if we support both a buyer and supplier within a singular value chain, or if we support two competitors in the same sector.

We mitigate potential conflict of interest situations via close adherence to BCG’s Global Conflict of Interest Policy. Every team member receives introductory and annual refresher training for this policy. In addition, all team members on procurement cases receive refresher training at the onset of each procurement case.



The policy is designed to ensure potential conflicts are quickly identified and effectively managed after a Partner becomes aware that BCG is supporting clients working on opposite sides of a negotiation or if a case requires direct interaction with another BCG client. The policy is principles-based to guide team member behavior. The principles cover a range of issues, including the following:

- **Communication and Transparency with Clients:** Teams communicate with clients regarding the scope of our work, the terms under which we operate, and any relevant BCG policies.
- **Staffing:** Case team members are restricted from a minimum of 12 months from the completion of their work on a client project from performing similar services for a competitor or supplier of that client.
- **Separate Teams:** Teams supporting clients with conflicting interests are “firewalled” and separated with minimum “cooling off” periods before interacting, if ever.
- **Negotiations:** BCG teams should not negotiate on behalf of a client. Where crucial to serving the client, BCG may attend negotiations in “listening mode” or to facilitate discussions.

We recognize that potential conflict situations sometimes can be confusing or raise real ethical questions, but BCG, by policy, always takes a conservative approach with full transparency and dialogue with clients. If faced with a potential conflict of interest, BCG will always remain “above board” to maintain the trust and equity of the Commonwealth.

**Figure 38: Detail of Key BCG Personnel (Roles and Areas of Expertise) Leading this Effort**

<b>Matthew Schlueter. Managing Director &amp; Partner (BCG Principal – BCG Owner and Board Member)</b> <i>Day to Day Project Lead (Washington DC Office)</i>	
<b>Brief resume</b>	<p>Matthew is a core member of Boston Consulting Group’s Public Sector and Operations practices. Matthew serves on the global Public Sector leadership team, with focus on procurement and operations transformations. Matthew has led multiple procurement transformations across several large Federal agencies (including a 2-year transformation that delivered &gt;\$3B in procurement savings), non-profits, and several private sector organizations throughout North America, Europe, and Asia. Since joining BCG in 2014, Matthew’s experience has been leveraged across a wide range of industries including public sector, industrial goods, aerospace and defense, and technology.</p> <p>Prior to joining BCG, Matthew served as a Space Operations Officer and Foreign Area Officer in the U.S. Air Force. He holds a Master of Business Administration (with honors) from Georgetown University, a Master of Public Administration from the University of Wyoming, and a Bachelor of Arts in International Studies from Miami University of Ohio. Matt is a Project Management Professional (PMP) and Certified Supply Chain Professional.</p> <p>Matthew has been a proud Virginia resident for 17 years.</p>
<b>Accessibility / availability during project</b>	<p>Matthew will serve as the project single point of accountability, working with the team on the ground. Matthew will be accountable for project execution and is available to the Commonwealth on a daily basis. Matthew will also be one of the first escalation points of contact should project obstacles arise.</p>
<b>Tom Lutz. Managing Director &amp; Senior Partner (BCG Principal – BCG Owner &amp; Board Member)</b> <i>Project Leadership, Private Sector (Dallas Office)</i>	
<b>Brief resume</b>	<p>Tom is the global leader of BCG’s Large-Scale Change initiative and a core member of the Consumer and Marketing, Sales &amp; Pricing practices. He specializes in post-merger integration and transformation. Tom is the former head of the firm’s South System (Dallas, Houston, Atlanta, Denver, and Miami), as well as the former leader of BCG’s private equity topic in the US.</p> <p>Since joining BCG in 1992, Tom has worked extensively with packaged-goods manufacturers, specialty retailers, restaurants, hotels, grocery retail, convenience retail, and private equity.</p>



	Tom's client work has focused on areas of growth strategy, innovation, consumer insight, category management, portfolio strategy, distribution economics, trade spending, and post-merger integration.
<b>Accessibility / availability during project</b>	Tom will regularly review progress with the working team and will be available on an ongoing basis to share his expertise.

**Daniel Acosta. Managing Director & Senior Partner (BCG Principal – BCG Owner & Board Member)**  
*Project Leadership, Public Sector (Los Angeles Office)*

<b>Brief resume</b>	<p>With over 20 years of consulting and industry experience serving public and private entities across the globe, Daniel is the leader of BCG's US state &amp; Local Public Sector practice and a member of BCG's Global Public Sector Leadership Team.</p> <p>Daniel has worked with governments at federal, state and city/local levels – as well as international organizations. With a focus on strategy and people and organization issues, such as change management and culture, Daniel works with clients to achieve large-scale transformation of their organizations and operations.</p> <p>Daniel's deep public sector experience dates from his service as a Foreign Service Officer with the Department of State, as an Economics Officer in Washington, DC and overseas.</p>
<b>Accessibility / availability during project</b>	Daniel will regularly review progress with the working team and will be available on an ongoing basis to share his expertise.

**Sandeep Chugani. Managing Director & Senior Partner (BCG Principal – BCG Owner & Board Member)**  
*Project Leadership, Private Sector (Miami Office)*

<b>Brief resume</b>	<p>With over 25 years of consulting experience serving private entities across the globe, Sandeep is BCG's Global Leader for TURN and Transformation work, having led a number of successful large-scale transformations, with multiple experiences including Procurement work. Within procurement, Sandeep has worked on large cost take out programs, global sourcing and indirect sourcing.</p> <p>Sandeep has deep expertise in transformations and turnaround strategies, operational effectiveness and retail.</p>
<b>Accessibility / availability during project</b>	Sandeep will regularly review progress with the working team and will be available on an ongoing basis to share his expertise.

**Andrew Shane. Partner**  
*Project Management, Public Sector (Washington DC Office)*

<b>Brief resume</b>	Andrew is a key member of BCG's Public Sector, and Healthcare practices. He has led engagements with multiple States on funding strategy, large-scale transformation, complex process design and enablement, and digitization of services. While focused on public sector work, he has also worked extensively for Healthcare clients across a variety of topics.
<b>Accessibility / availability during project</b>	Andrew will drive project execution, bringing his extensive public sector expertise to guide the team in identifying, prioritizing, and planning to act against initiatives. Andrew will be available at minimum 8am – 5pm ET with the team on the ground.

**Jack Liu. Partner**  
*Project Management, Private Sector (Miami Office)*



<b>Brief resume</b>	Jack is a key member of BCG’s Consumer, Procurement and TURN practices. He has led multiple efforts on strategic sourcing, procurement process transformation and vendor negotiations for consumer companies and non-profits, on a wide variety of categories for the last six years (most recently in maintenance, construction, and professional services).
<b>Accessibility / availability during project</b>	Jack will drive project execution, bringing his extensive private sector expertise to guide the team in identifying, prioritizing, and planning to act against initiatives. Jack will be available at minimum 8am – 5pm ET with the team on the ground.

**Stephanie Lennon. Spinnaker Principal**  
*Spinnaker Team Lead, Data & Analytics (Richmond Office)*

<b>Brief resume</b>	Stephanie is a Principal at Spinnaker Consulting Group leading the Data & Analytics practice. She leads engagement efforts leveraging data to drive analytical insights for clients that improve customer experience, drive business decisions/outcomes, realize operational efficiencies, and satisfy regulatory requirements.
<b>Accessibility / availability during project</b>	Stephanie will lead the Spinnaker team, bringing her expertise at the intersection of public sector work and data & analytics to support opportunity identification and prioritization. Stephanie will be working with the team on the ground on a regular basis.

**Daniel Ohmott. FMP Engagement Manager**  
*FMP Team Lead, Strategic & Analytic Consulting (Arlington Office)*

<b>Brief resume</b>	Daniel Ohmott is an Engagement Manager at FMP, leading complex projects with responsibility for all aspects of project execution, project management, and client satisfaction. His primary areas of expertise include quantitative and qualitative data analysis, strategic planning, workforce planning, organizational assessment and design, and human resource technology and tools. Daniel has worked with numerous clients including the Federal Acquisition Institute (FAI), National Science Foundation (NSF), U.S. Securities and Exchange Commission (SEC), and the United States Agency for International Development (USAID).
<b>Accessibility / availability during project</b>	Daniel will lead the FMP team, bringing his expertise across public sector disciplines to support opportunity identification and prioritization. Daniel will be working with the team on the ground on a regular basis.

**Selin Zalma. Managing Director & Partner (BCG Principal – BCG Owner & Board Member)**  
*Expert Advisor, Public Sector Procurement (New York Office)*

<b>Brief resume</b>	<p>Selin leads Boston Consulting Group’s Public Sector practice for the Northeast of North America and is a core member of BCG’s infrastructure leadership team. In that capacity, she works with state and city governments to transform their operations and deliver better services to their residents.</p> <p>Her core focus is delivering operational enhancements and complex large-scale transformations across resident-facing services including health, economic development, and transportation, as well as improving internal government operations including digitization of services, procurement, and supply chain operations. Although Selin’s main focus is public sector work, she has been active in supporting organizations in the private sector as well. She has led more than ten large-scale transformations in consumer goods, retail, food, and infrastructure.</p>
<b>Accessibility / availability during project</b>	Selin will be available for the working team on an ongoing basis to validate savings opportunities, share expertise, and facilitate connections to other BCG experts.

**Shishir Agarwal. Managing Director & Senior Partner (BCG Principal – BCG Owner & Board Member)**  
*Expert Advisor, Private Sector Procurement (New Jersey Office)*



<p><b>Brief resume</b></p>	<p>Shishir is a core member of Boston Consulting Group’s Consumer and Operations practices. He also leads the firm’s operational transformation topic in North America and is part of the global retail leadership team.</p> <p>Shishir has more than 20 years of consulting and industry experience, including senior operating roles. He has engaged with numerous organizations worldwide on large-scale transformations and operations performance improvements. Shishir has worked in a broad range of industries, including pharmaceuticals, industrial goods, retail, and consumer packaged goods.</p>
<p><b>Accessibility / availability during project</b></p>	<p>Shishir will be available for the working team on an ongoing basis to validate savings opportunities, share expertise, and facilitate connections to other BCG experts.</p>

**Danny Werfel. Managing Director & Partner (BCG Principal – BCG Owner & Board Member)  
Expert Advisor, Public Sector – Change Management (Washington DC Office)**

<p><b>Brief resume</b></p>	<p>Danny leads Boston Consulting Group’s North American public sector practice. He works with governments around the world to help them identify their highest-value opportunities, address their most critical challenges, and to transform their agencies.</p> <p>In addition to his consulting experience, Danny has more than 25 years of government experience, including senior agency leadership roles. He led the transformation of the IRS as Acting Commissioner in the wake of the agency’s 2013 organizational crisis. Prior to that, he spent 16 years where the US Office of Management and Budget, where he served as the Deputy Director for Management.</p> <p>He is a fellow at the National Academy of Public Administration, a former member of the Defense Business Board, the IRS Oversight Board, the Government Accountability and Transparency Board, and the Federal Accounting Standards Advisory Board.</p>
<p><b>Accessibility / availability during project</b></p>	<p>Danny will be available for the working team on an ongoing basis to validate savings opportunities, share expertise, and facilitate connections to other BCG experts.</p>

**Advisory support that includes individuals who have served in senior positions within State and Federal Agencies that have procured these categories and can provide insight into change management in the Commonwealth**

BCG has deep procurement expertise across all categories. This knowledge will be complemented by executive team leaders and senior advisors across the public and private sectors who understand the Commonwealth and its mission – we have a deep bench of former public officials who served in State and Federal government entities and private sector procurement executives who can provide inside perspective on the unique challenges relevant to the procurement function.

**Figure 39: Industry and BCG Topic Expert mapping to key areas of spend for the Commonwealth**

Area of Expertise	FY21 VA Discretionary Spend	Relevant BCG Experts to Support (Non-Exhaustive)
<p><b>Construction &amp; Maintenance</b></p>	<p>\$2.8B (31% of total)</p>	<p>Industry Topic Experts:</p> <ul style="list-style-type: none"> <li>• Arnoud Balhuizen – Former Chief Commercial Officer (Head of Procurement) at BHP</li> <li>• Chuck Harrington – Former Chairman, CEO, and President of Parsons Corporation</li> </ul> <p>BCG Topic Experts:</p> <ul style="list-style-type: none"> <li>• Santiago Ferrer (Public Sector)</li> </ul>



		<ul style="list-style-type: none"> <li>Jack Liu (Private Sector)</li> </ul>
<b>Professional Services &amp; Consulting</b>	\$1.7B (18% of total)	<b>Industry Topic Experts:</b> <ul style="list-style-type: none"> <li>John Budd – Former Chief Operating Officer for State of Oklahoma</li> <li>Bob Tevelson – Former BCG Managing Director &amp; Sr Partner with 25+ years of consulting experience across multiple firms</li> </ul> <b>BCG Topic Experts:</b> <ul style="list-style-type: none"> <li>Molly Campbell (Public Sector)</li> <li>Jack Liu (Private Sector)</li> </ul>
<b>Medical / Healthcare</b>	\$0.7B (7% of total)	<b>Industry Topic Experts</b> <ul style="list-style-type: none"> <li>Ben Shaffer – Former Medicaid Program Director and HHS Deputy Secretary for State of Rhode Island</li> <li>Lisa Vura-Weiss – Former Acting Secretary of Health &amp; Human Services for the state of Rhode Island</li> </ul> <b>BCG Topic Experts:</b> <ul style="list-style-type: none"> <li>Harish Hemmige (Public Sector)</li> <li>Shishir Agarwal (Private Sector)</li> </ul>
<b>Infrastructure &amp; Cars / Trucks / Bus / Rail</b>	\$0.7B (7% of total)	<b>Industry Topic Experts:</b> <ul style="list-style-type: none"> <li>Peter Rosenfeld – Former EVP Procurement / Supply at DaimlerChrysler Corporation</li> <li>Ulrich Piepel – Former SVP and Chief Procurement Officer at Innogy</li> <li>Sarah Feinberg – Former Chief of Staff, US DOT</li> <li>Mark Aesch – Former CEO at Rochester Genesee Regional Transportation Authority</li> </ul> <b>BCG Topic Experts:</b> <ul style="list-style-type: none"> <li>Patt Talvanna (Public Sector)</li> <li>Shishir Agarwal (Private Sector)</li> </ul>
<b>IT / Tech maintenance</b>	\$0.4B (4% of total)	<b>Industry Topic Experts:</b> <ul style="list-style-type: none"> <li>Allan Dobrin – Former NYC Chief Information Officer at the Department of IT and Telecommunications</li> <li>Duane Weeks – Former VP Corp Engineering &amp; Worldwide Logistics at Compaq</li> </ul> <b>BCG Topic Experts:</b> <ul style="list-style-type: none"> <li>Matthew Schlueter (Public Sector)</li> <li>Jack Liu (Private Sector)</li> </ul>

In addition, we also have experts on Vendor Diversity, Green Procurement and Government Operations Transformations that we will engage as needed based on the needs of the Commonwealth of Virginia.

**5 Tab 5 - Proposed Pricing**

**Phase 1: Assessment and Initial Planning**

*Phase 1: Firm Fixed Price (Included in proposal price evaluation)*

Performance of Phase 1	Total Sum: (Firm Fixed Price)
	<b>\$ 495,000</b>

*Phase 1 implementation by BCG:*

If selected for award, we are confident that BCG can structure Phase 1 implementation as a share-in-savings engagement and drive significant savings for the Commonwealth. We feel strongly that the Commonwealth should assume very little risk and pay fees based on the savings identified and the net value created as a direct result of the engagement. BCG's fees in the private sector are often tied to project results and calculated as a percentage of the quantifiable value created. We are a leading advocate of share-in-savings engagements in the

public sector as well and have led the field in structuring innovative acquisition techniques that follow both the spirit and letter of government regulations, including the Federal Acquisition Regulation (FAR) for example. For instance, BCG successfully completed a share-in-savings contract with the [REDACTED], where our fees were paid on a fixed price award fee (FPAF) basis and were largely contingent on the quantifiable, documented savings that we created for taxpayers. The award fee incorporated a detailed calculation methodology to (i) define the eligible categories of cost savings and other agreed-upon forms of measurable “Net Value Creation” (NVC) that BCG must achieve for the client to earn the shared-savings fee; (ii) establish NVC tiers and corresponding percentages of shared-savings fee to be paid to BCG for achieving each tier, and (iii) establish “ceiling” and “floor” savings levels, above/below which no shared-savings fee would be due to BCG. We would propose similar terms that were successful in prior government engagements for this effort as well. This share-in-savings engagement guarantees BCG’s value proposition to deliver value multiple times the cost of the engagement.

## **Phase 2: Detailed Planning and Implementation**

### *Phase 2 Detailed Planning Proposal:*

If at the end of Phase 1 the Commonwealth decides to partner with BCG on a share-in-savings phase 1 implementation, BCG will incorporate Phase 2 Detailed Planning fees at no cost to the Commonwealth. If share-in-savings is not pursued, BCG will propose a firm fixed price for Phase 2 detailed planning.

### *Phase 2 Implementation by BCG:*

If selected for award, we can structure Phase 2 implementation as a share-in-savings engagement similar to the proposed Phase 1 implementation.

## **6 Tab 6 - Small Business Subcontracting Plan**

BCG makes selective use of subcontractors in the performance of projects. For this project, BCG has partnered with Federal Management Partners and Spinnaker Consulting Group, both DSBSD-Certified small businesses with offices in Virginia. The BCG team has incorporated these subcontractors who specialize in unique areas of acquisition and the Commonwealth’s domain expertise and can add significant value to the services we provide, if in the best interest of the Commonwealth. Subcontractors will be subject to the same performance standards as the BCG team. All subcontractors face the same quality control as a BCG employee.

Consistent with Commonwealth objectives, BCG commits to providing at least 42% of project value to our DSBSD-certified teaming partners.

BCG’s perspective with subcontractors is one of long-term partnership rather than transactional. Of note, the subcontractor agreements with our subcontractors are not just specific to this singular opportunity. Our view is that subcontractor relationships for singular opportunities do not create the long-term teaming partnership that BCG and our subcontractors seek in order to achieve truly integrated delivery capabilities. Rather, our subcontracting agreement establishes an on-going relationship with the subcontractors in an advisor capacity. Our subcontracting partners are an integral and valued part of our team, and we treat them as such.

To ensure subcontractor product performance, all subcontractor deliverables are submitted to the BCG project managers for peer review prior to client submission. Also, all materials developed for the client (regardless of BCG or subcontractor developed) are thoroughly vetted through BCG’s “Case Team Meeting” (CTMs) review format. CTMs are typically held two to three times per week for one to two hours.

Upon contract initiation as specific categories, contracts, and agencies are selected for review, BCG will determine if additional subcontractor expertise is valuable to the project (e.g., provide unique category insights, provide change support, etc.), and draw upon our network to rapidly incorporate the respective capability at that time, as appropriate.



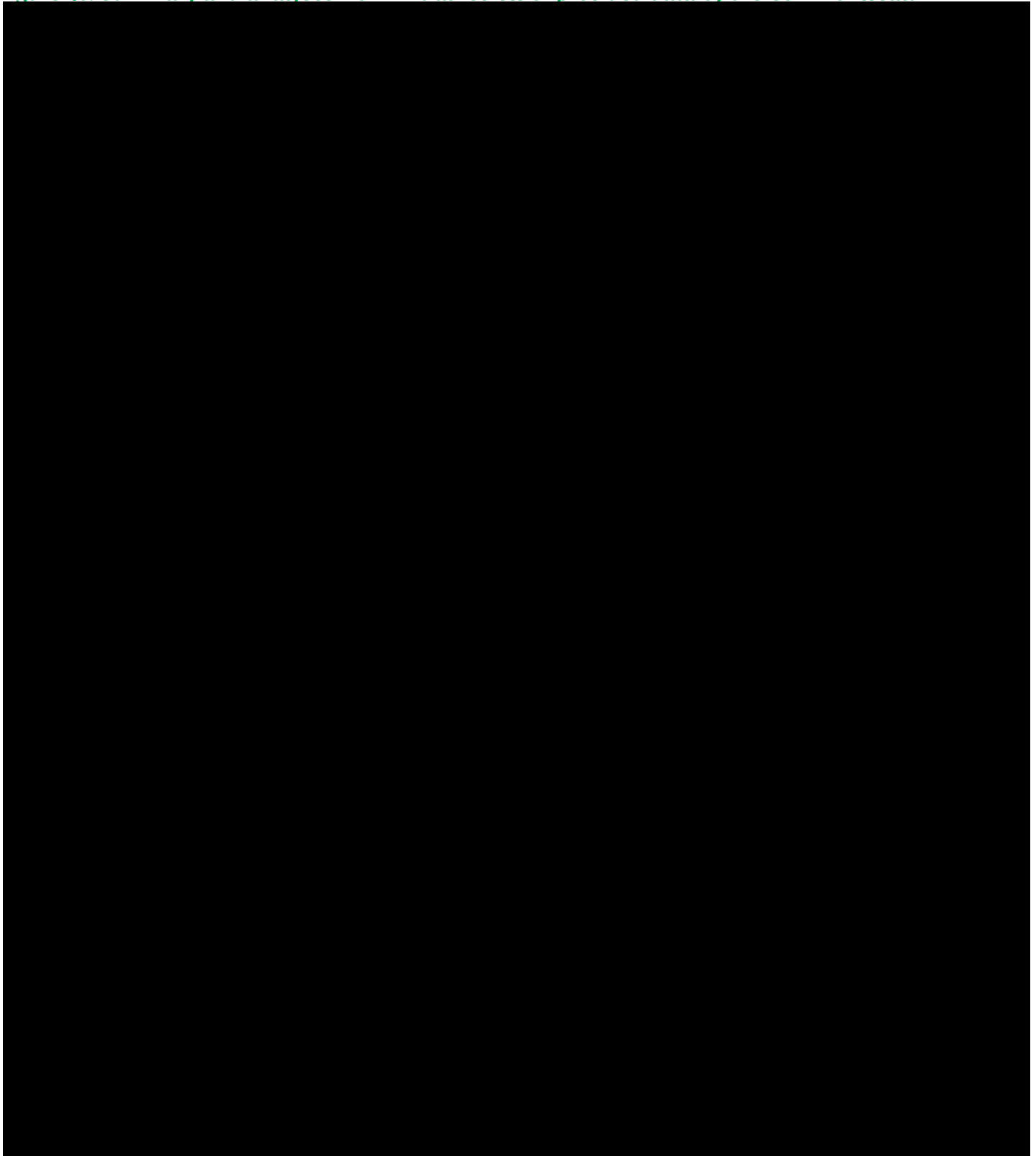
## **7 Tab 7 - Appendices, Data and Other Submissions**

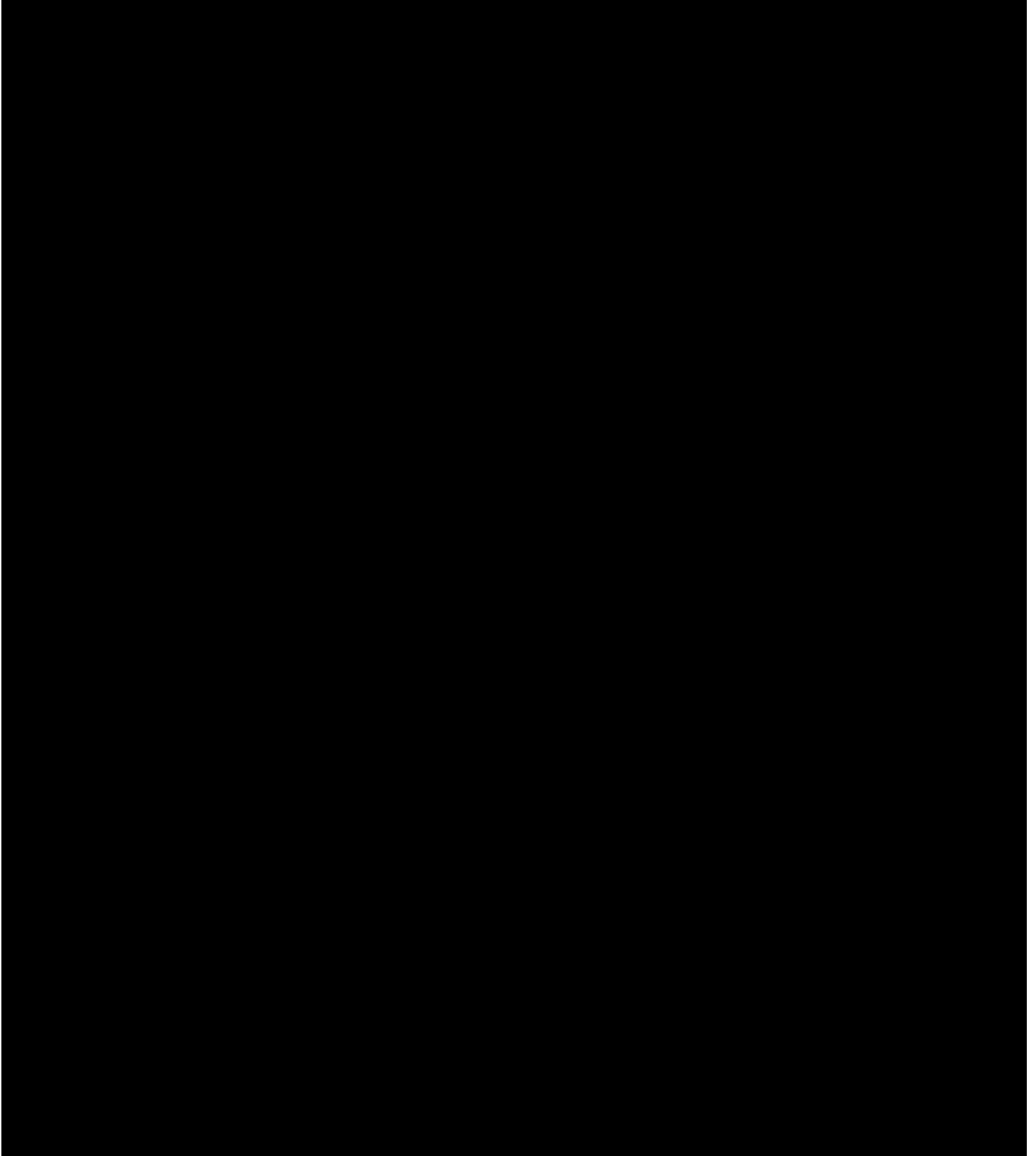
### **Appendix Contents:**

- 7.A: Results from Initial Review of Provided Data (pg. 51)
- 7.B: Detail on BCG's "Procurement Academy" Training Offering (pg. 57)
- 7.C: Illustrative Category Playbook (pg. 61)
- 7.D: Additional Industry and BCG Topic Experts' resumes (pg. 63)

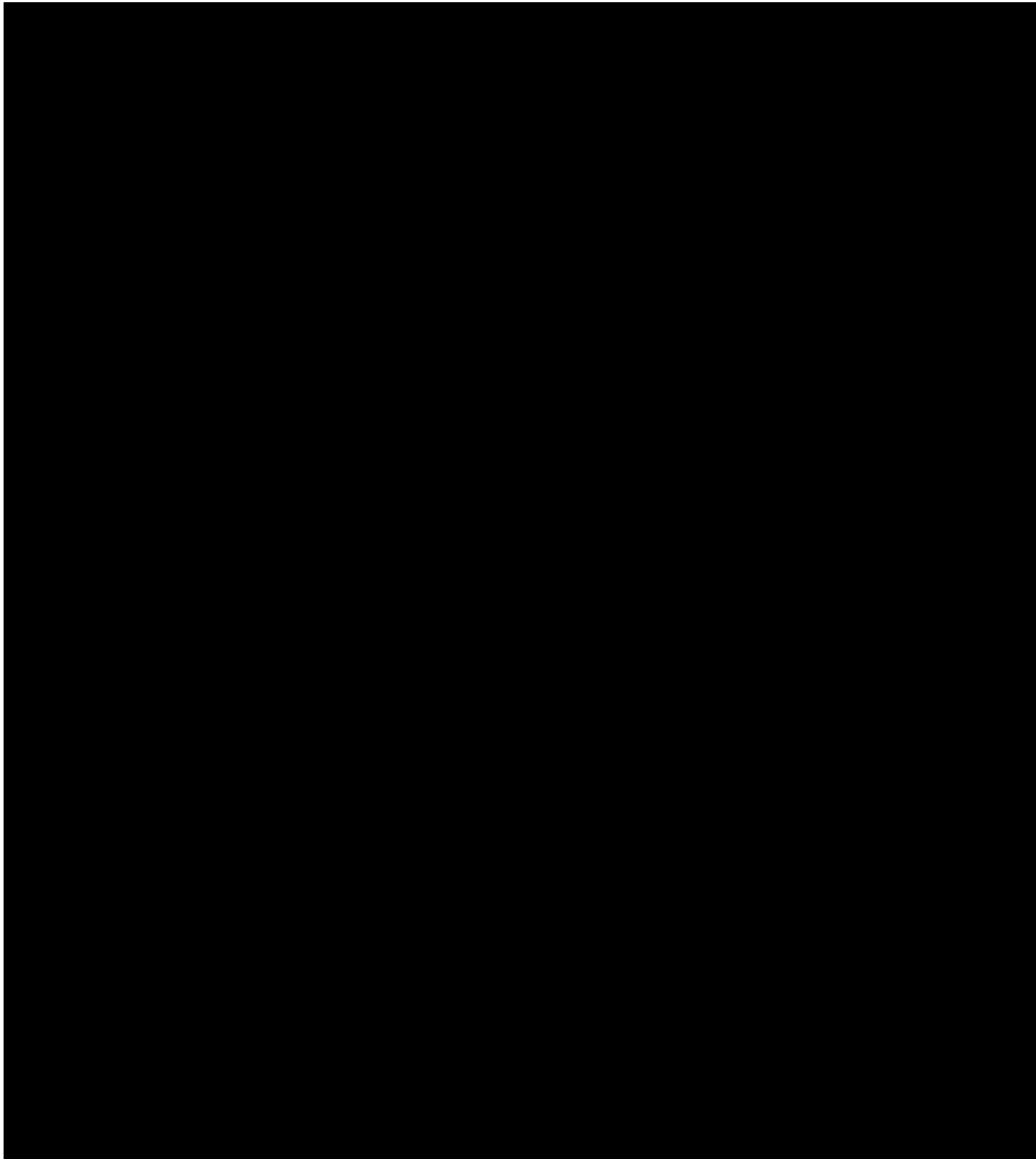
## 7.A Results from Initial Review of Provided Data

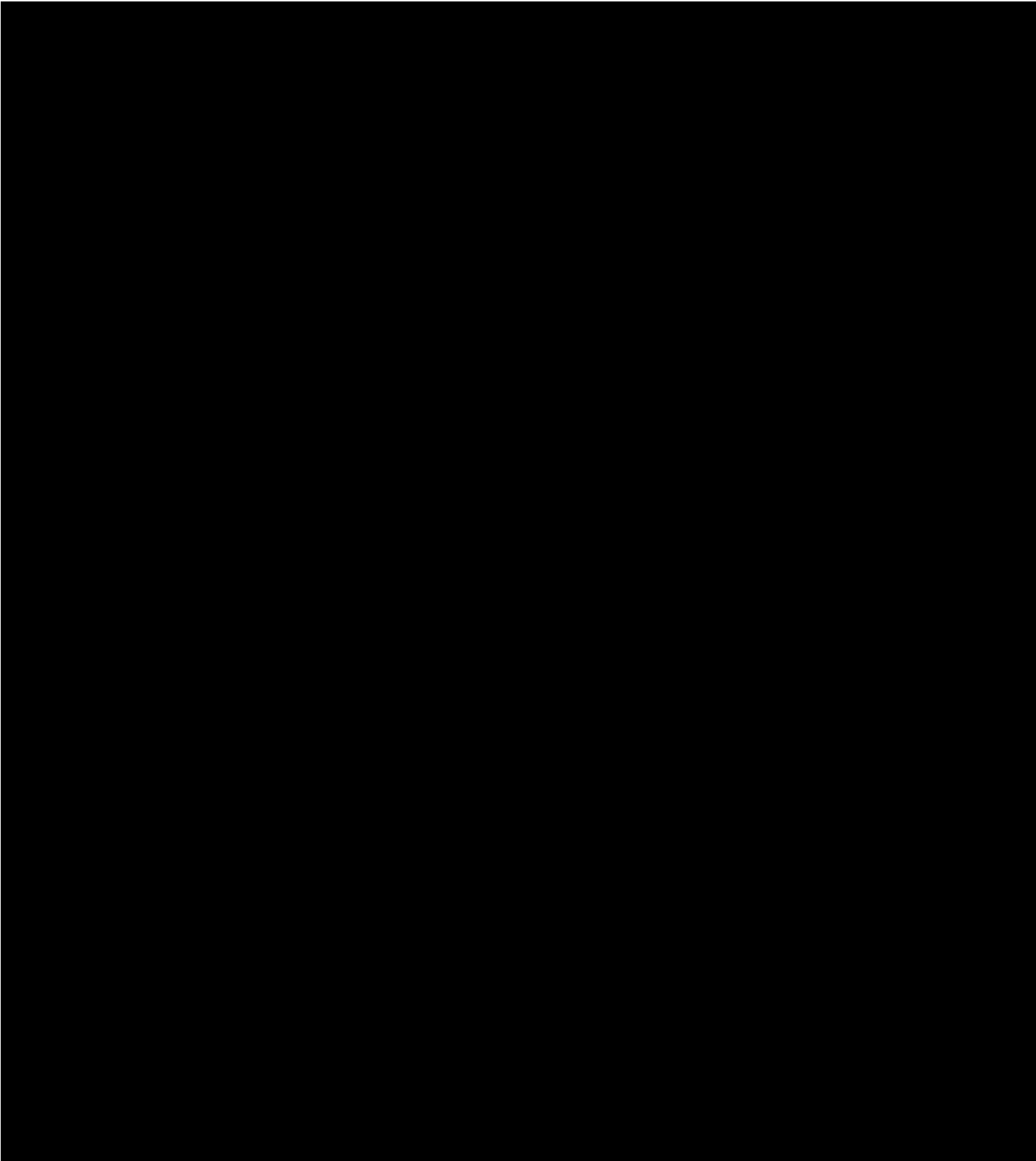
### Figure 40: Summary and analyses from initial review of provided data by the Commonwealth

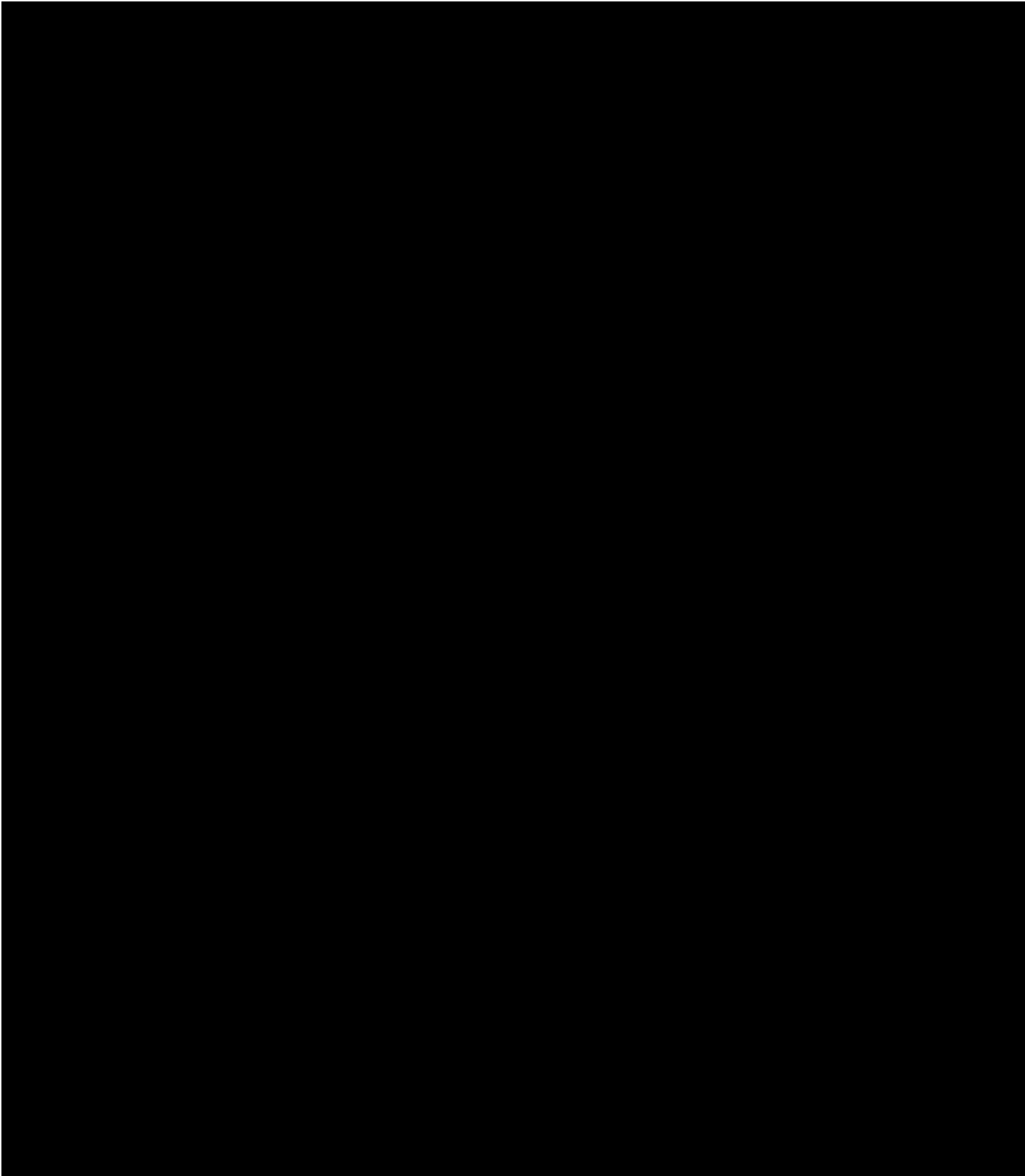




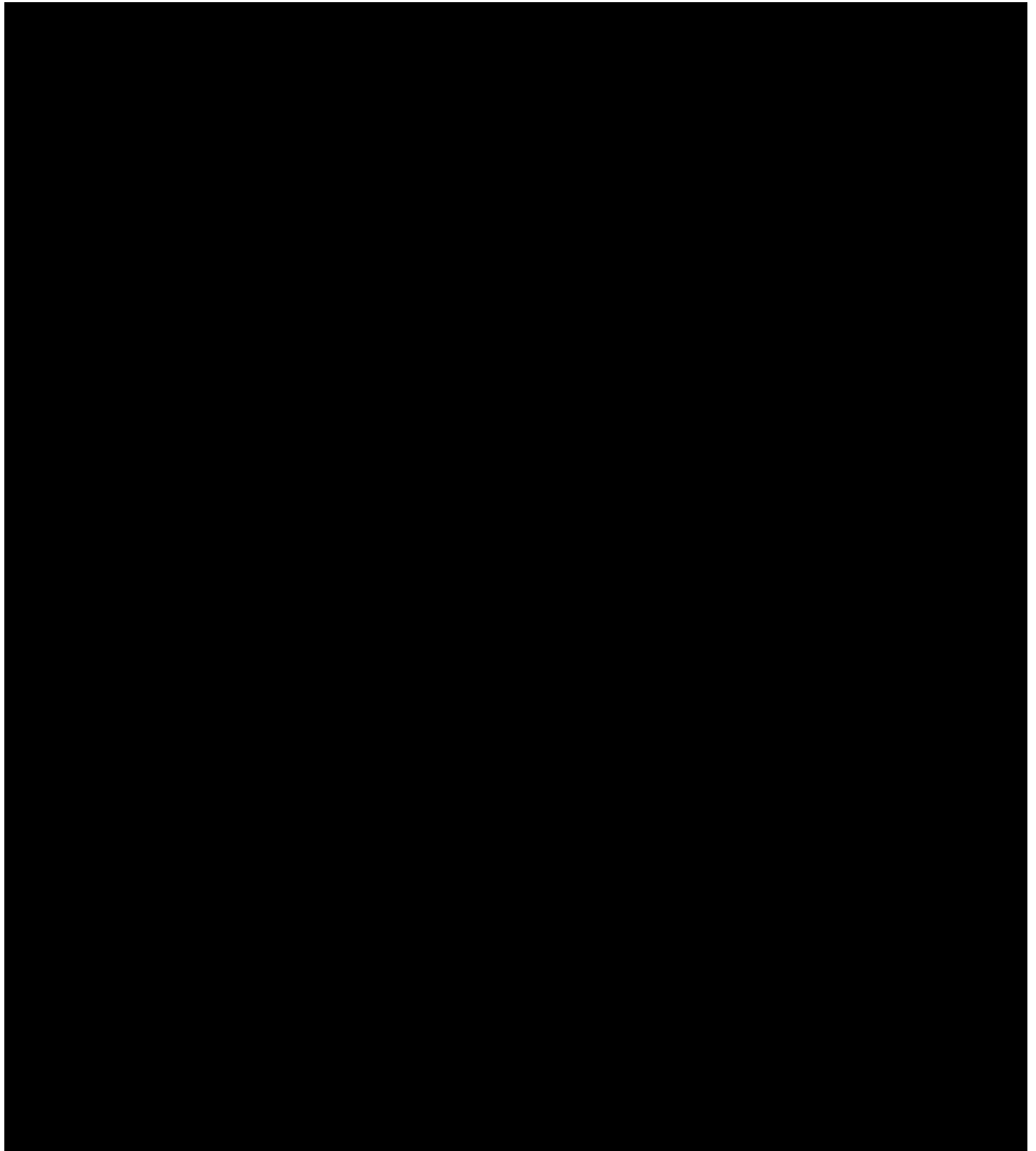






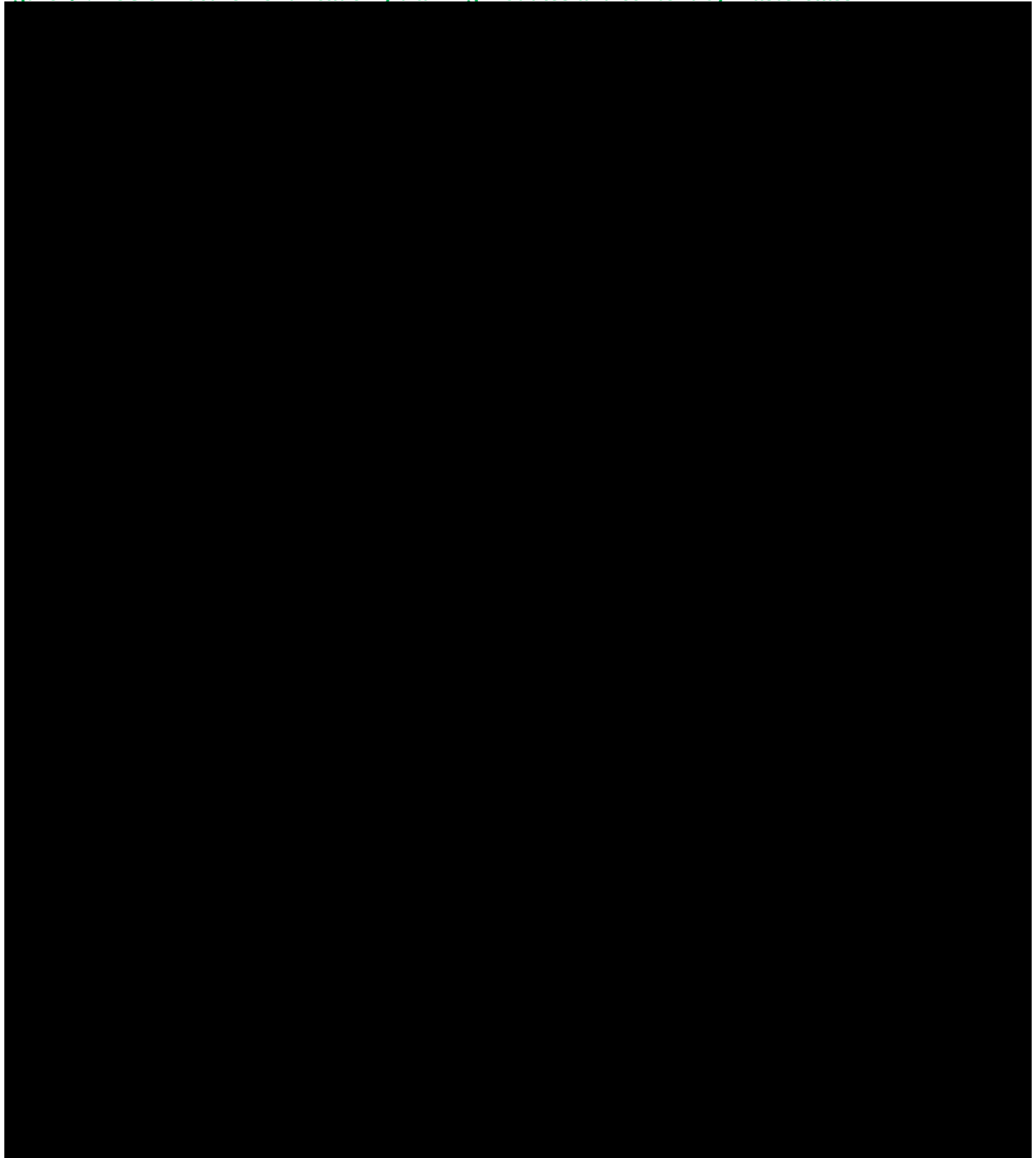


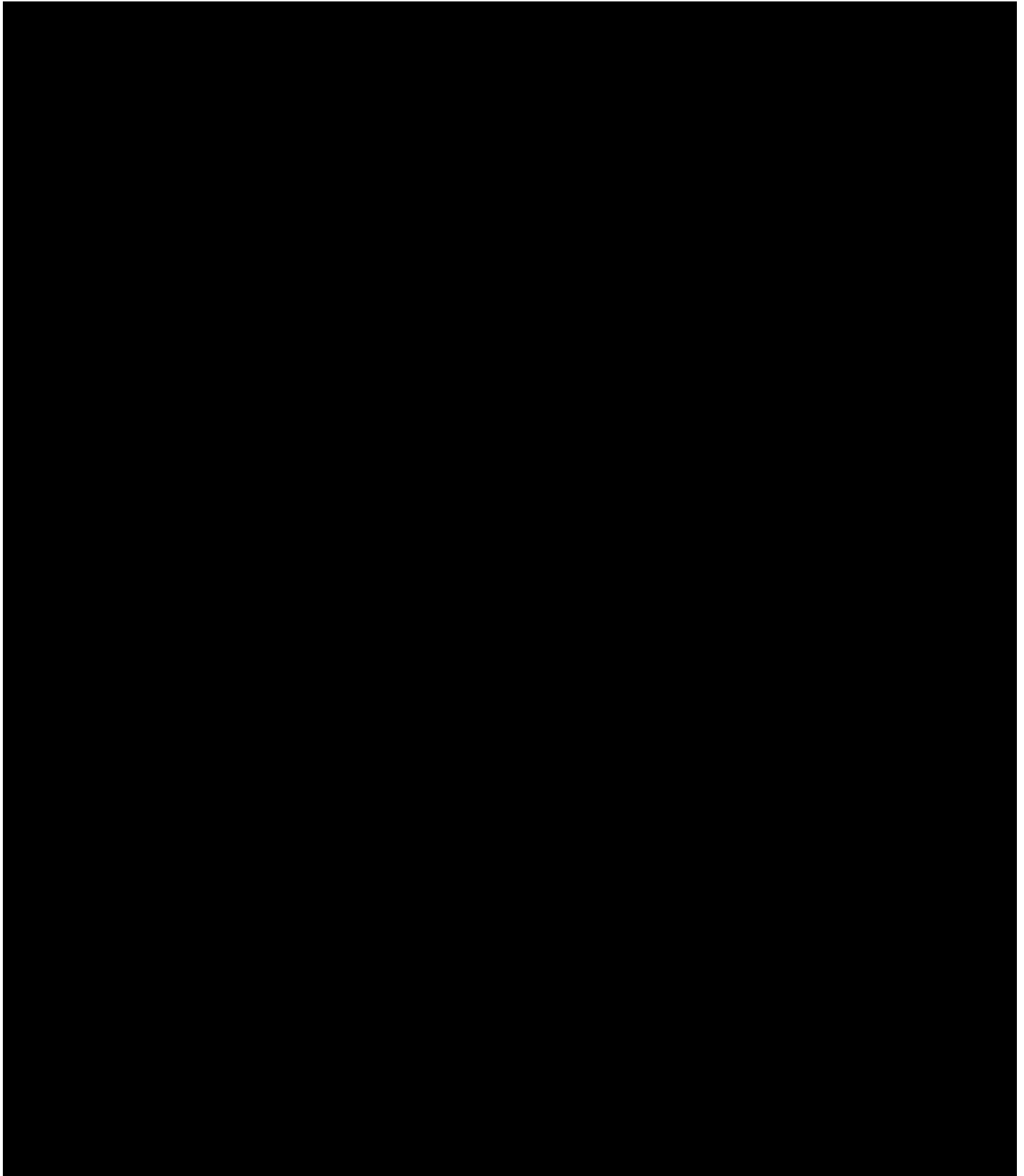




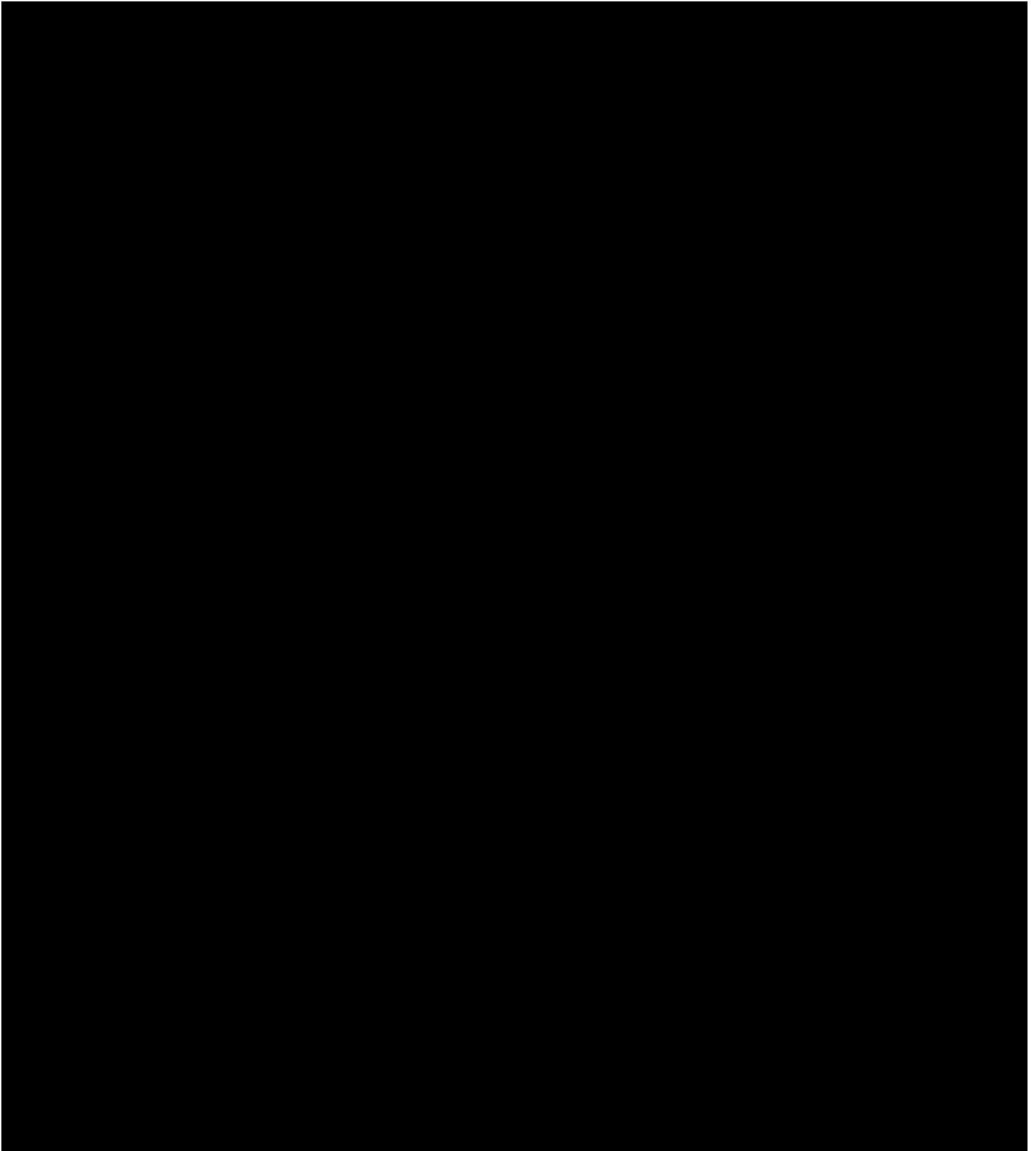
**7.B Detail on BCG's "Procurement Academy" Training Offering**

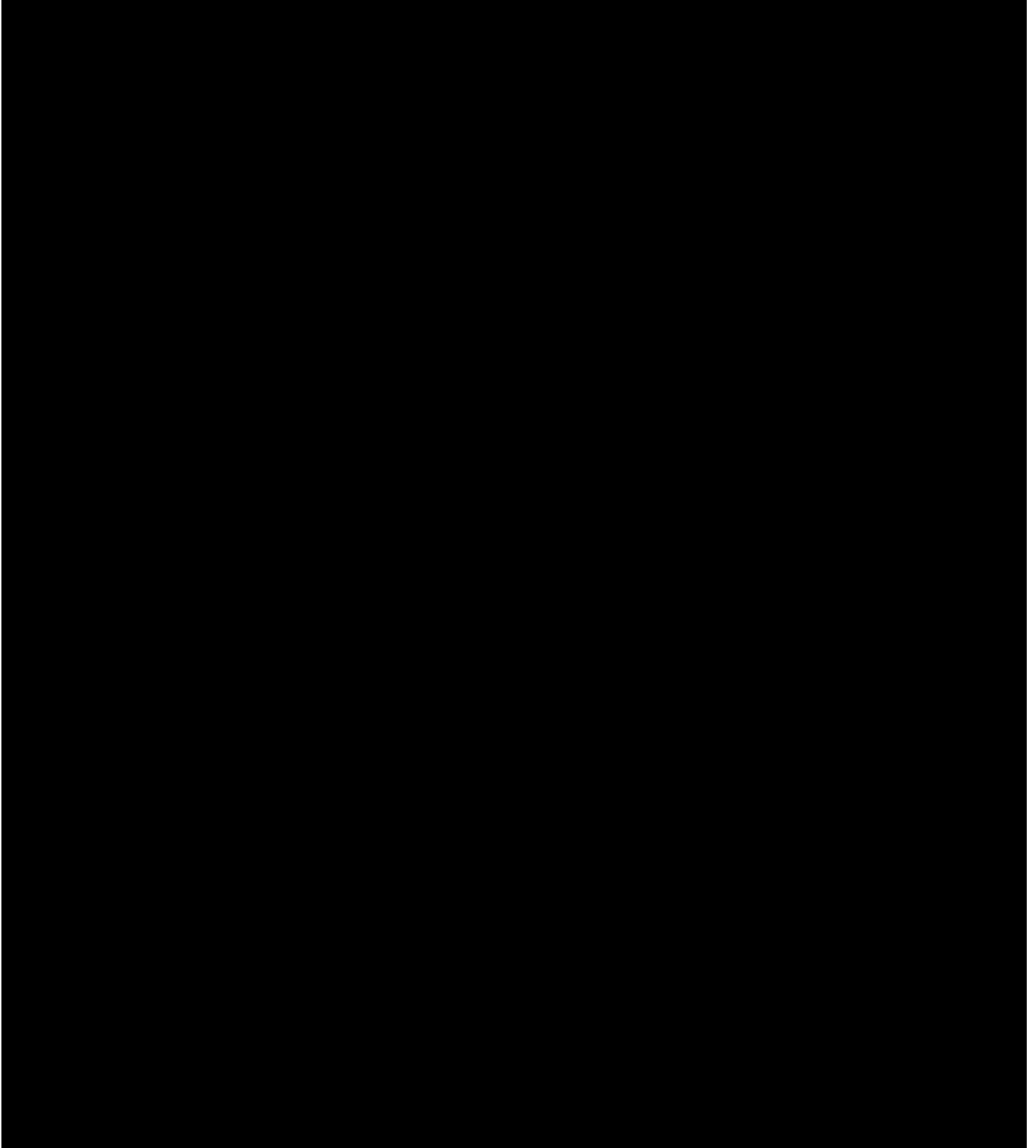
**Figure 41: BCG's Procurement Academy training modules and content by Masterclass**





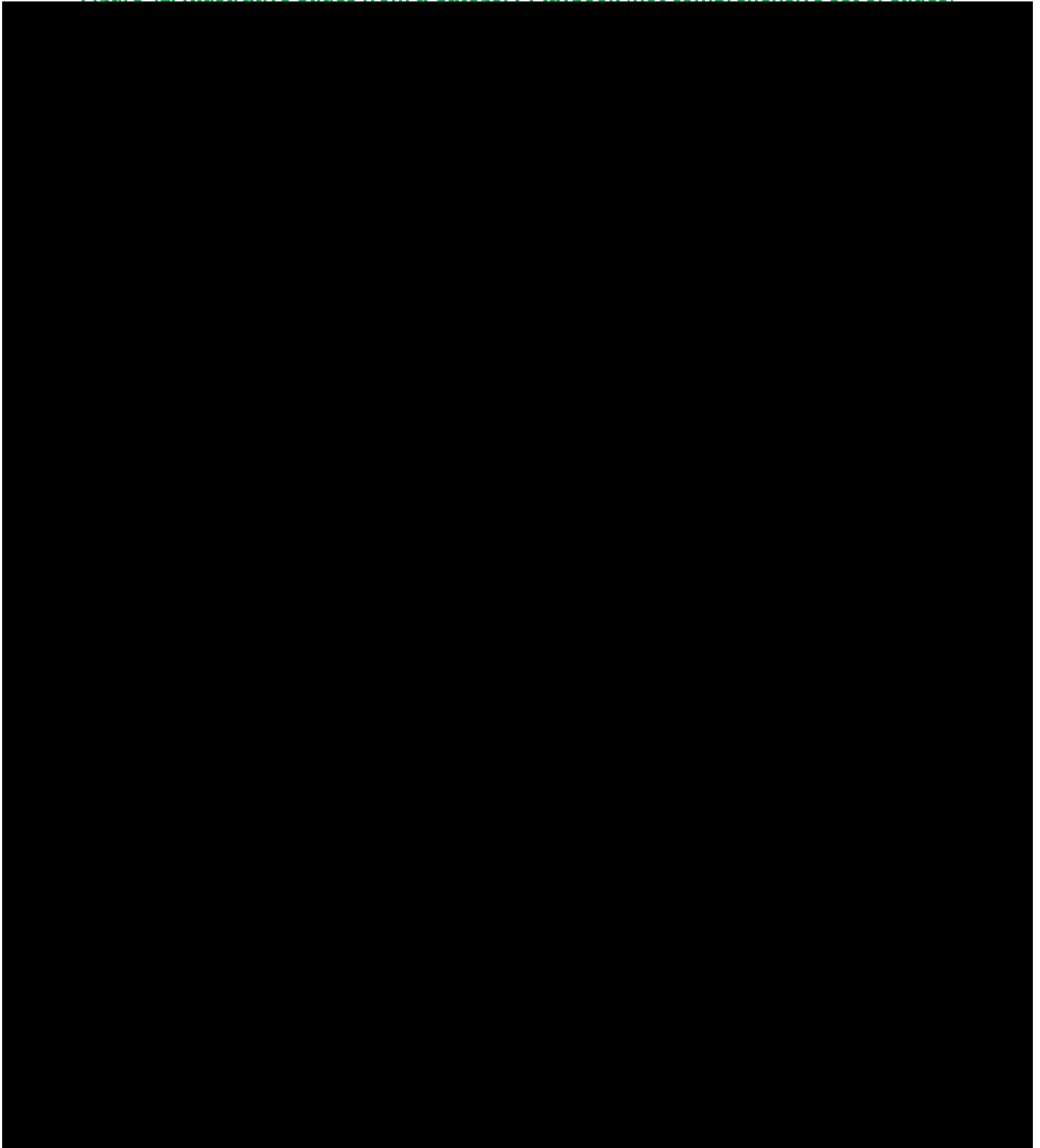




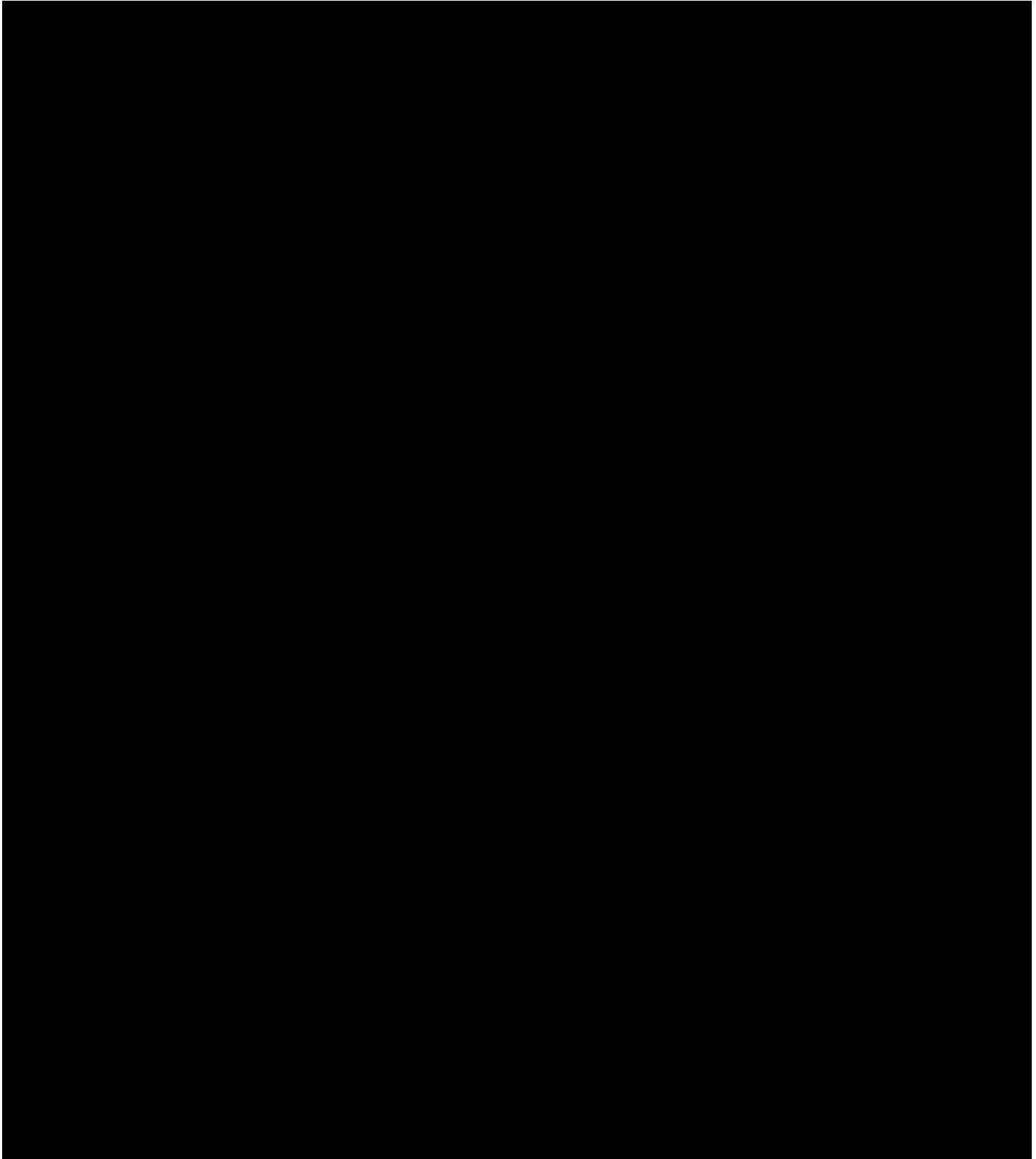


## 7.C Illustrative Category Playbook

Figure 42: Illustrative Slides from a Category Playbook (not comprehensive set of slides)







**7.D Additional Industry and BCG Topic Experts' resumes**

*Industry topic experts*

Arnoud Balhuizen. Senior Advisor – Construction & Maintenance	
<b>Brief Resume</b>	<p>Arnoud is a BCG Senior Advisor. He is <b>deeply experienced in commercial negotiations and partnership management.</b></p> <p>He is the former <b>Chief Commercial Officer of BHP</b>. Arnoud has 25 years of experience in mining, metals and oil &amp; gas. He led the sales, marketing, trading, risk management and ocean freight of BHP's entire product portfolio as well as the <b>group's procurement</b>. Major transformations he led include the integration of the procurement function with sales/marketing, re-designing BHP's function to world class and changing contract and pricing structures at industry level for iron ore and ocean shipping.</p>
John Budd. Senior Advisor – Professional Services & Consulting	
<b>Brief Resume</b>	<p>John is a BCG Senior Advisor and a former BCG Partner and Managing Director. John is actively involved in the public sector practice area. As an accomplished strategist, problem solver and team builder, his experience encompasses success in large-scale organizational structure and design, long-term strategic transformation and implementation, strategic planning and consulting and transformation in government and private sectors.</p> <p>Prior to re-joining BCG as a Senior Advisor, John held <b>multiple senior positions in state government in Oklahoma</b>. He worked as the Executive Director / CEO in the Office of Management and Enterprise Services and as the state's Chief Operating Officer.</p>
Chuck Harrington. Expert Advisor – Construction & Maintenance	
<b>Brief Resume</b>	<p>Chuck is an expert advisor to BCG. As the former Chairman, Chief Executive Officer, and President of Parsons Corporation, he has <b>extensive experience in construction, infrastructure, and technology.</b></p> <p>During his time at Parsons, Chuck oversaw some of the <b>most complex and large-scale engineering and construction projects of the last 77 years</b>. Parsons' major projects have included the Washington, D.C., Los Angeles, and Dubai metro rails; a crucial testing ground for the U.S. Navy; major international airports in Los Angeles and Miami; the longest cable-stayed bridge in the Western Hemisphere; and major missile launch complexes both surface and subterranean. Chuck was also the catalyst for Parsons' digital transformation from a pure engineering and construction firm into a global technology company.</p>
Bob Tevelson. Senior Advisor & Senior Partner Emeritus – Professional Services & Consulting	
<b>Brief Resume</b>	<p>Bob is a BCG Senior Advisor. He has worked with clients in the aerospace &amp; defense, <b>public sector including at the federal/state/local level</b>, telecommunications, consumer goods, process/chemical, retail, financial, health care, rail and automotive industries.</p> <p>Bob has worked with his clients on a variety of assignments including <b>procurement, supply chain, cost reduction, as well as select strategy work</b>. Prior to joining BCG, Bob spent 7 years working in the chemical industry for ICI Americas in various supply chain, operations, and sales roles, as well as over 11 years in consulting work at A. T. Kearney.</p>
Ben Shaffer. Principal – Medical / Healthcare	
<b>Brief Resume</b>	<p>Ben is a Principal at BCG with experience focused on growth strategy, process and organizational re-design, and business model innovation.</p> <p>He is the former <b>Medicaid Program Director and HHS Deputy Secretary and COO for the State of Rhode Island</b>. As Medicaid Director, he oversaw a \$2.6 billion program covering 325,000 Rhode Islanders, three managed care organizations, and ~175 employees. He led the state's response to COVID-19, including seeking policy and waiver amendments, caseload and budget projections, eligibility system changes to ensure access to benefits, and the launch of 15 provider relief and outcomes-based recovery programs. He has worked to develop the Medicaid Accountable Care Organization (ACO) program through the administration of \$230M+ budget, the development of social</p>



	determinants of health strategy, and long term care rebalancing. He also served as business lead for ~\$500M IT project that supported integrated eligibility across health and human services programs including Medicaid, QHP/APTC, SNAP, TANF and childcare assistance, managing priorities across these three agencies and driving enhancement design.
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**Lisa Vura-Weis. Partner and Associate Director – Medical / Healthcare**

<b>Brief Resume</b>	<p>Lisa is a Partner &amp; Associate Director at BCG specializing in healthcare and the public sector.</p> <p>She served as a <b>Senior Advisor to then-Governor Gina Raimondo of Rhode Island</b> for over four years. During her tenure, she served as <b>Acting Secretary of Health and Human Services</b>, led state-wide health policy efforts, and stood up the state’s COVID-19 response. In addition to her work on healthcare, she was deeply involved in transformation efforts focused on IT, HR, and Procurement. Lisa has held additional leadership positions across the public and private sectors and specializes in strategy development, large-scale operational improvement, and crisis management.</p>
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**Peter Rosenfeld. Senior Advisor – Infrastructure & Cars/Trucks/Bus/Rail**

<b>Brief Resume</b>	<p>Peter has been a Senior Advisor with BCG since 2007. He has provided executive council in client engagements in the Energy, Oil &amp; Gas, Consumer Goods, Shipping, and Automotive practices.</p> <p>Prior to BCG, Peter served as the <b>Executive Vice President of Procurement and Supply for the DaimlerChrysler Corporation (DCC) for six years (2001-2007)</b>. He oversaw a significant era in the company’s history, working to unify the commercial aspect of the combined firms, while pursuing improved vendor relationships in a time of significant inflation. He has advocated the possibility of objective, transparent, and logic-based OEM/source interactions seeking improved success for both elements.</p>
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**Ulrich Piepel. Senior Advisor – Infrastructure & Cars/Trucks/Bus/Rail**

<b>Brief Resume</b>	<p>Ulrich Piepel is a BCG Senior Advisor. He is a <b>respected leader in procurement and supply chain management. He has been responsible for procurement and supply chain more than three decades</b> and has a track record of implementing automation and digitization.</p> <p>Ulrich has worked for several multinational corporations in industries including steel, manufacturing, automotive vendors, IT and energy. <b>From 2016-2019 he was the SVP and Chief Procurement Officer (CPO) for Innogy SE</b>. Before this he was the CPO for RWE AG from 2013-2016. Earlier in his career, he was at RWE System AG (2003-2008) Head of Corporate Procurement (SVP), Maxdata IT (2000-2003) Managing Director COO, Cincinnati Milacron, Ohio (1995-2000) SVP Supply Chain and Procurement, Krupp Widia (1993-1995) SVP Supply Chain and Procurement and Krupp AG (1990-1993) Technical Officer to the Board.</p>
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**Sarah Feinberg. Senior Advisor – Infrastructure & Cars/Trucks/Bus/Rail**

<b>Brief Resume</b>	<p>Sarah Feinberg is a BCG Senior Advisor. Sarah is actively involved in the public sector practice and industrial goods areas where she works with our clients on transportation operations, logistics, and safety. Moreover, with <b>over 20 years of government and public policy experience</b>, Sarah has a strong history of strategic communications and deep tech expertise. Her passion is in developing efficient transportation operations and policy.</p> <p>Prior to her work at BCG, Sarah held numerous roles in the public sector, including: <b>Interim President and CEO, New York City Transit; Administrator, Federal Railroad Administration; Chief of Staff, U.S. Department of Transportation; Special Assistant, President Obama; and Senior Advisor of White House Chief of Staff, Rahm Emanuel</b></p>
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<b>Mark Aesch. Senior Advisor – Infrastructure &amp; Cars/Trucks/Bus/Rail</b>	
<b>Brief Resume</b>	<p>Mark Aesch is a BCG Senior Advisor. He has deep experience in the Public Sector and Industrial Goods practice areas.</p> <p>With more than two decades of strategic leadership experience Mark has worked in the public sector guiding teams through work projects with multiple municipalities, public transportation systems and other public entities, generating more than \$100 million in annualized savings. He is the former CEO of the Rochester Genesee Regional Transportation Authority where Mark’s introduction of the concept of managing a public sector agency with a private sector mindset led to a reduction in fares, multi-million dollar surpluses and a reduced reliance on taxpayer dollars.</p>

<b>Allan Dobrin. Senior Advisor – IT/ Tech maintenance</b>	
<b>Brief Resume</b>	<p>Allan is a BCG Senior Advisor. He brings deep experience and relationships across NY State and NYC local government agencies, authorities, education institutions, and healthcare organizations.</p> <p>His functional expertise is in business transformation, change management, operations and digital government. Allan served as the Executive Vice Chancellor and Chief Operating Officer at the City University of New York and was former Commissioner and NYC Chief Information Officer at the Department of Information Technology and Telecommunications.</p>

<b>Duane Weeks. Senior Advisor – IT/ Tech maintenance</b>	
<b>Brief Resume</b>	<p>Duane has been a Senior Advisor since 2014 focused on supply chain and supporting the IG and Ops practices.</p> <p>Prior to BCG, Duane has been a senior executive with global operations responsibility at major corporations (Caterpillar, Ingersoll-Rand, Compaq/HP). Duane has also been President of a global logistics business (GE Logistics), and CEO of a venture backed Silicon Valley software startup focused on supply chain collaboration and execution.</p>

*BCG Topic experts*

<b>Santiago Ferrer. Managing Director &amp; Partner – Construction &amp; Maintenance</b>	
<b>Brief Resume</b>	<p>Santiago is BCG’s <b>North America lead for Real Estate</b>. He works in both private and public sector, across a range of topics including strategy, operating model and organizational design and transformation.</p> <p>Before joining BCG, he worked for the United Nations in economic development and peacekeeping operations.</p>

<b>Molly Campbell. Senior Advisor – Professional Services &amp; Consulting</b>	
<b>Brief Resume</b>	<p>Molly is a BCG Senior Advisor. She has extensive public sector experience and is currently working as an <b>Infrastructure Advisor to the US Department of the Treasury</b>.</p> <p>Molly previously worked as the <b>Director of Port Management for the Port Authority of New York &amp; New Jersey</b> and as the Deputy Executive Director and Chief Financial Officer of the <b>Port of Los Angeles</b>. She also has experience in aviation, having previously worked as the Director of Information Systems for Los Angeles World Airports.</p>

<b>Harish Hemmige. Managing Director &amp; Partner – Medical / Healthcare</b>	
<b>Brief Resume</b>	<p>Harish leads BCG’s work in <b>global operations for the Public sector</b>, and in <b>global power Procurement</b>. He is also a member of the North America Operations leadership team.</p> <p>Harish has expertise working with private and public sector clients in order to drive sustainable value.</p>

	<p><b>He has supported clients in all aspects of procurement, with recent efforts in Healthcare,</b> including value identification and delivery (across both direct and indirect spend categories), operating model design, organization restructuring, vendor relationship management, vendor risk management, best-cost-country sourcing, talent/capabilities build, post-merger integrations, and digital procurement. He has supported senior executives on a variety of other strategic and operational topics as well.</p>
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<p><b>Patt Talvanna. Partner &amp; Associate Director – Infrastructure &amp; Cars/Trucks/Bus/Rail</b></p>	
<p><b>Brief Resume</b></p>	<p>Patt is an experienced professional on <b>Infrastructure development and management, and Transportation</b> with experiences across both Public and Private sectors.</p> <p>Before BCG she worked at The World Central Bank, in <b>Infrastructure</b>, for the <b>Office of Regional Director</b>, as well as in the <b>Michigan House of representatives</b>.</p>