

Information Technology Vendor Procurement

What does good look like?

RPI Project Conclusion
Summary of Improvements
December 11, 2013

Meeting Agenda

- **Scope & Throughput Operating Strategy**
- **Achievements – What Good Looks Like**
- **Major Project Deliverables**
- **Appropriations and IT Procurement Timeline**
- **Throughput Action Items**
- **Next Steps**
- **Questions**

Project Scope and Objectives

Scope

- In scope - fixed-price, deliverables-based contracts
- Not in scope - software renewals, staff augmentation, and hardware purchases

Objectives

- Complete procurements in **8.5 months or less!**
 - Moderate Complexity - 22 weeks ~5 months
 - High Complexity - 36 weeks ~8.5 months
- Reduce Touch Points
- Right-Size Procurement Effort
- Improve Contract Quality and Maintain Compliance

Information Technology Vendor Procurement Throughput Operating Strategy (TOS)

Control Point

Faster and faster SOW development that provides a solid foundation for the contract. Approved SOW that is detailed enough for increasingly effective and complete vendor responses with less and less vendor assumptions or questions.

GOAL: Obtain a product or service that meets or exceeds the agency's need, through an increasingly efficient and effective procurement process that is within the timeframe and budget specified.

Measurements/Metrics

- Days to completion
- Number of SOW amendments per \$1M
- Ratio of contract cost to budget and when change occurred

Necessary Conditions

- Project approval (IT Investment Management, business case, ROI)
- Funding and authority approved
- Planned start date is confirmed
- Know it is vendor procurement
- IT and Program Managers assigned
- If >\$1M, Project and Acquisition Plans to QAT (DIR, LBB, SAO) before SOW posted

Customer needs,
project proposal &
plan



Purchase Order
and Signed
Contract

Feeding the Control Point

Defined customer requirements and desired project outcomes. Correct team representation. Team has completed all necessary research, planning and risk analysis.

After the Control Point

SOW and accompanying documents move through the process faster and faster without any bottlenecks. Process provides better and better support for meeting customer requirements and selecting the best solution and vendor.

System Levers

- Checklists
- Visibility & accountability
- Validation of final solution against requirements
- Definitive estimate at control point

Current



What Good Looks Like!

- **62 weeks to procure** →
- **Many circular touch points** →
- **Limited status visibility** →
- **No validated measures** →
- **No workflow system** →
- **Current state documented in multiple locations** →
- **36 weeks to procure**
- **Reduced touch points**
- **Transparent status**
- **Validated enterprise measures**
- **CATS workflow and reporting**
- **Future state documentation in dedicated directory**

Procurement Timeline Results

- Optimistic: 16 weeks
- Goal: 28 weeks – Project goal **36 weeks**
- Pessimistic: 41 weeks

Process time in
calendar days

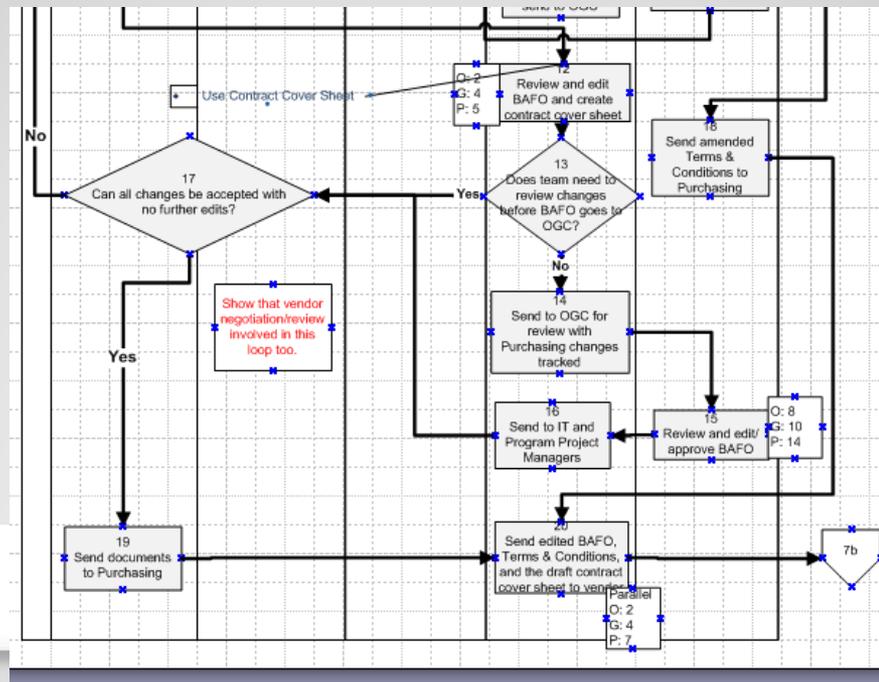
Process	O	G	P
1	4	6	10
2	-	-	-
3	22.75	37.5	56
4	21	45	60
5	10.5	20	30
6	27	48	72
7a	12	20	32
7b	9.5	17.5	26.5
Total	106.75	194	286.5

Reduced Touch Points

- Implemented some concurrent reviews:
 - Evaluation team can start reviewing responses while Finance reviews for financial stability
 - Procurement planning meeting conducted with all parties to reduce feedback loops
 - Integrated review with SOW Development Team before SOW goes to legal for review
- Reduced review loops in procedure: “Do not allow 3rd loops. Resolve with phone call or meeting.”
- Throughout the process, looked for opportunities to consolidate or eliminate reviews and condense timeline.

Reduced Touch Points

- Optimized legal reviews by earlier involvement, which allowed us to remove interim legal review of BAFO before TWC first starts negotiating with vendor finalist
 - This reduced procurement time by up to 19 days, not counting second review loop
 - This eliminated most of the process steps shown below



Transparent Status Visibility

- Procurement status will be reported and monitored through existing IT Investment Management Processes
- All projects involving IT Vendor Procurement will be subject to Project Review Board (PRB), regardless of cost
- Within 30 days of project budget approval, usually in September, project manager will add project to the PRB portfolio for monitoring and announce 5 dates to PRB:

Budget	Time-line	Scope	Status	Next Milestone	Comments and Recommendations
Green	Green	Green	Future	Start Procurement	Estimated Target Dates: 1. Start scope refinement: 10/1/13 2. Start SOW development 11/1/13 3. Post SOW: 12/15/13 4. Start project (procurement complete): 5/1/14 5. Complete project: 8/31/15

- PRB will review procurement metrics in each meeting

Enterprise Measures - Time

Procurement Timeline								
	<i>As of: Aug 31, 2013</i>							
Timeline (In calendar days)								
	Plan Procurement	Develop SOW & Approval	Post SOW, Q&A, Vendor Responses	Evaluate & Select Finalists	BAFO Negotiations	Final Contract Negotiation & Approval	Buffer Used	Total Days
Metric - Optimistic	4	22.75	21	10.5	27	21.5		106.75
Metric - Goal	6	37.5	45	20	48	37.5		194
Metric - Pessimistic	10	56	60	30	72	58.5		286.5
Average Project Times	N/A - New	123	49	25	42	56	43	392
Tax Modernization		70	49	35	91	126	0	371
Improve Fraud Discovery		91	63	28	35	35	161	413
Improve Benefits User Interface		84	49	14	28	42	56	273
Tele-Center Call Handling - ICT		231	35	14	0	21	0	301
Tele-Center Call Handling - IVR		140	49	35	56	56	0	336

Enterprise Measures - Budget

External Budget (Vendor/Contractor/HW/SW)						
Project	LAR Contract Budget (\$ Approved)	Budget Amendments (\$ Total)	Final Contract Award (\$ Price)	Variance from Original Budget (+/-%)	Timing of Budget Change (TOS Process)	Comments
PeopleSoft Financials	1,600,000	-	1,600,000	0%		
Workforce Improvement Strategy	2,200,000	-	2,200,000	0%		
-Common Components	1,100,000	1,100,000	2,200,000	100%	Refine Scope	Higher WF priority
-Data Warehouse	1,100,000	(1,100,000)	-	-100%	Refine Scope	
Totals	6,000,000	0	6,000,000	0%		

Shows flexibility within umbrella LAR projects while retaining individual project detail. Example displays only a subset of projects.

Enterprise Measures - Quality

Quality				
Project	Vendor questions	Changes to SOW based on vendor questions	Vendor Budget (HW/SW included if part of vendor procurement)	Changes per Million Dollars
Project Averages	63	11	970,000	15
Project 1	200	40	2,000,000	20
Project 2	21	2	500,000	4
Project 3	35	4	100,000	40
Project 4	50	10	2,000,000	5
Project 5	11	1	250,000	4

New process, no project data available.

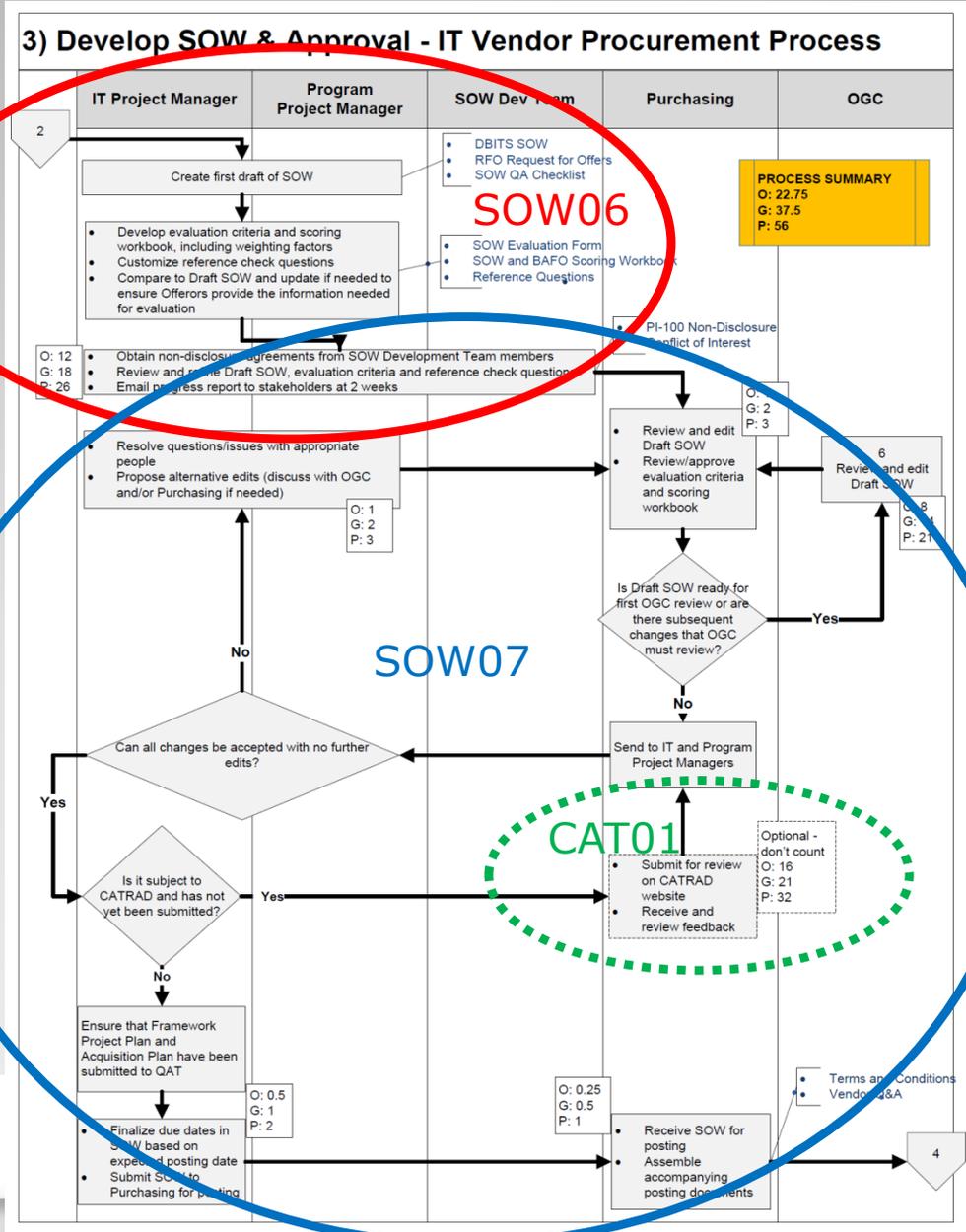
Enterprise Measures – Staff Time

Procurement Staff Hours (IT and Program Staff Only)			
Project	Estimate	Actual	Variance from Estimate (+/-%)
Project 1	2,000	2,500	25%
Project 2	1,000	2,000	100%
Project 3	1,000	750	(25%)
Project 4	500	750	50%

New process, no project data available.

CATS Workflow

Reviews
map to the process
diagrams



CATS Workflow - Reviews

Prefix	Title	Used when	Assigned by	Assigned to	Approved when	Comments	O	G	P
PLAN PROCUREMENT							4.00	6.00	10.00
SOW01	Initiate Procurement Planning	Initiating SOW, creating CATS General Page and scheduling meetings	PM	PM, OGC, SME, PUR, FIN	PM holds planning meeting and posts Decision Log; incl. draft procurement timeline and checklist	Upload Decision Log			
SOW02	Return to PM	Returning a document/approval to PM	Anyone	PM	Approval/edits complete				
SOW03	Finalize Pro Plan	Communicating final timeline and SOW development team	PM	Self	PM notifies Project Review Board, IT Director (for briefings)	Upload email notification			
REVIEW AND REFINE SCOPE							NA	NA	NA
SOW04	Review Scope	Reviewing for scope/timeline changes and necessary conditions	PM	Self, SME, SOW Team	Necessary Conditions are met; Procurement kickoff meeting held	Upload QAT approval			
SOW05	Refine Scope	Refine project scope following procurement kickoff meeting	PM	Self, SME	Scope refined and ready for SOW development	Optional			
DEVELOP SOW & APPROVAL							22.75	37.50	56.00
SOW06	Draft SOW	Drafting SOW, evaluation criteria, reference check questions	PM	PM, SME, SOW Team	PM obtains NDAs from SOW team and completes evaluation criteria, scoring matrix, and reference questions	Upload PI-100			
SOW02	Return to PM	Returning a document/approval to PM	Anyone	PM					
SOW07	Accept SOW	Sending to PUR and OGC for editing	PM	Self, PUR, OGC	Approval/edits complete; SOW finalized for posting; Framework Plans submitted	Upload approved SOW; link to QAT plans			
SOW02	Return to PM	Returning a document/approval to PM	Anyone	PM					
CAT01	CATRAD Review	Sending accepted SOW to CATRAD	PUR	Self, PM, SME	PUR accepts CATRAD recommendations, incl. PM/SME edits	Optional			

Dedicated Procurement Directory

- R:\IT Vendor Procurement
- Space for secure collaboration on project procurements
- All templates organized by process

 1 Plan Procurement	11/26/2013 11:05 ...	File folder
 2 Review and Refine Scope	11/19/2013 1:25 PM	File folder
 3 Develop SOW	11/26/2013 1:06 PM	File folder
 4 Post SOW - Vendor Q&A	11/19/2013 1:40 PM	File folder
 5 Evaluate Responses & Select Finalist	11/18/2013 10:38 ...	File folder
 6 BAFO Negotiations	11/16/2013 1:18 PM	File folder
 7 Final Contract Negotiation	11/16/2013 1:22 PM	File folder

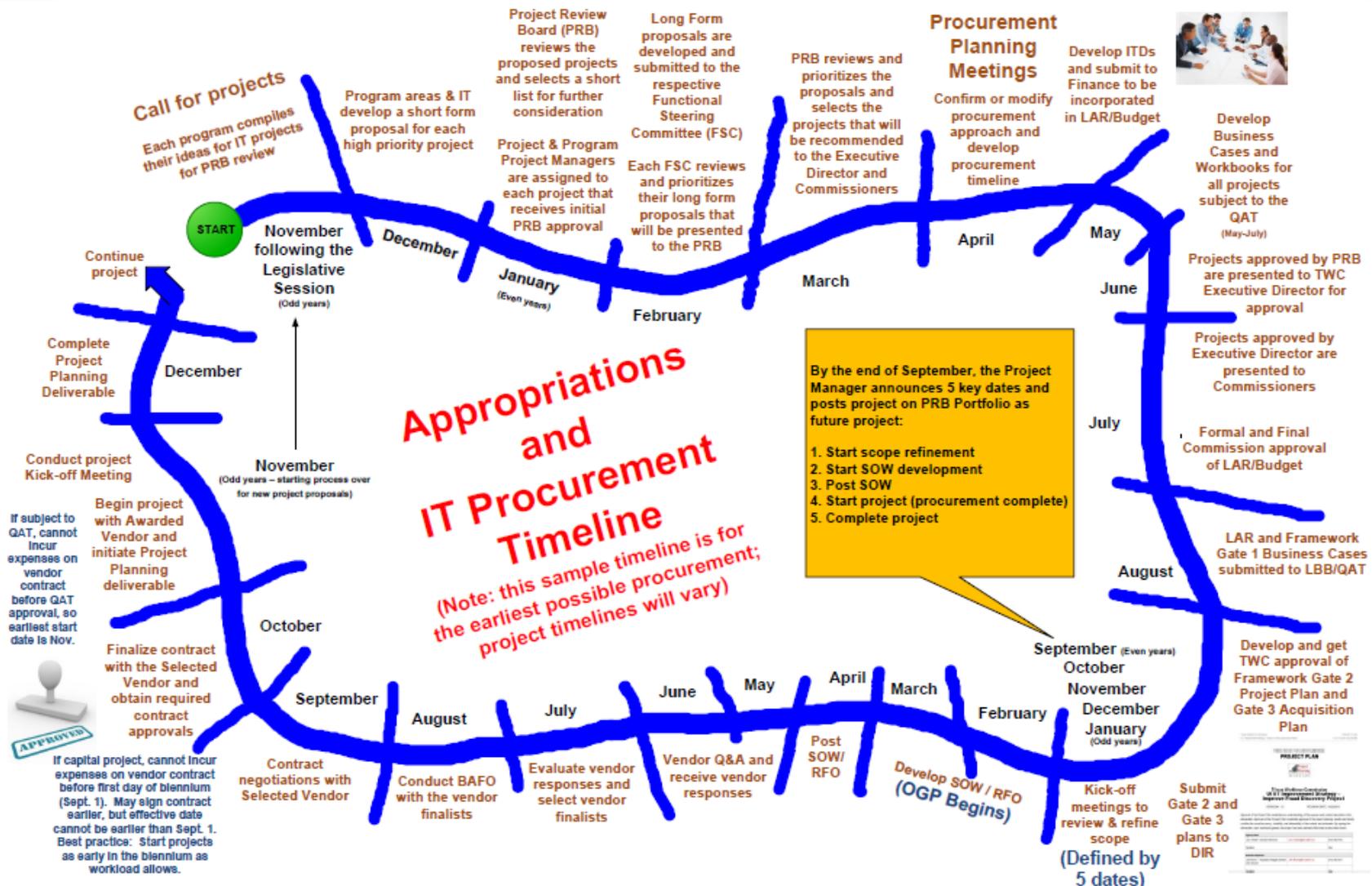
Major Project Deliverables

- Throughput Operating Strategy (TOS)
- IT Vendor Procurement Process
- IT Vendor Procurement Process Diagrams
- IT Vendor Procurement Planning Checklist and Risk Assessment
- IT Vendor Procurement Timeline template
- Responsibility Assignment Matrix
- Vendor Q&A Template
- SOW Quality Assurance (QA) Checklist
- Financial Review Checklist

Synchronizing Funding, Dates, and PM Resources

- IT procurement is tied into IT Governance, which is tied into the Legislative appropriations and budget processes.
- This tie in is a necessary condition of vendor procurement (on the TOS).
- The project manager, in September timeframe (or earlier), will announce "5 dates" for each vendor procurement planned in the state fiscal year.
- The "5 dates" require precedents of resource and priority decisions and provide commitment to customers and stakeholders.

IT Procurement Timeline



IT Vendor Procurement Process

Texas Workforce Commission
Information Technology

Standard Operating Procedures
IT Vendor Procurement Process

3) Develop SOW & Approval

Developing the SOW and obtaining all of the necessary approvals to post is the control point for the procurement process.

No.	Actions for 3) Develop SOW & Approval	Actors	Comments/ Supporting Documentation
23	Create first draft of SOW/RFO.	<ul style="list-style-type: none"> IT PM Program PM 	<ul style="list-style-type: none"> DBITS SOW RFO Request for Offers SOW QA Checklist
24	<ul style="list-style-type: none"> Develop evaluation criteria and scoring workbook, including weighting factors. Customize reference check questions. Compare to Draft SOW/RFO and update if needed to ensure Offerors provide the information needed for evaluation. 	<ul style="list-style-type: none"> IT PM Program PM 	<ul style="list-style-type: none"> SOW Evaluation Form SOW and BAFO Scoring Workbook Reference Questions
25	<ul style="list-style-type: none"> Obtain non-disclosure agreements from SOW Development Team members. Review and refine Draft SOW, evaluation criteria and reference check questions. Email progress report to stakeholders at 2 weeks. Send to Purchasing when complete. 	<ul style="list-style-type: none"> IT PM Program PM SOW/RFO <u>Dev</u> Team 	<ul style="list-style-type: none"> PI-100 Non-Disclosure Conflict of Interest Track changes whenever possible. Use comments only when there's not enough information to make the change or for questions.
26	- Review and edit Draft SOW/RFO	- Purchasing	- Track changes whenever

Throughput Action Items

- 42 improvement suggestions documented in addition to improvements made during gap analysis

TOS Element	Actions	Status	Planned End Date	Actual End Date	Impact on Throughput
1) Plan Procurement	Develop risk assessment and checklist with criteria for the Plan Procurement assessment and meeting.	Complete	11/15/2013	11/15/2013	Ensures consistent decision making and fully informed procurement timelines.
4) Post SOW, Vendor Q&A, Receive Response	Create template to respond to vendor questions. Question #, Question, Answer (refers to SOW section), and Modified SOW? Only reference SOW and modify SOW if needed to clarify something.	Complete	10/31/2013	10/30/2013	Reduces legal review and contract complexity by adding clarifications within SOW text. Supports quality metric.
7a) Final Contract Negotiation & Approval p1	Remove OGC review from first edited version of BAFO going to vendor for discussion. Provide a caveat to the vendor that these edits have not been through TWC legal review.	Complete	11/15/2013	11/8/2013	Removed following time from process: O: 10 G: 14 P: 19

Bottom Line Results

The project team:

- Reduced timeline by over 40%
- Designed workflow management and metric reporting
- Tied IT procurement governance to 5 published dates
- Refined the SOP and captured the processes

Next Steps

- Conduct ongoing throughput rounds with procurement teams
- Start using CATS
- Implement metrics and reporting
- Use new processes on upcoming procurements (e.g., Common Components, Electronic Case Files, RID Case Management)
- *Continuous improvement*

Questions?