WHERE DO YOU WANT TO GO?

KNOWING WHAT YOU WANT – BEFORE YOU START – MATTERS IN PROCUREMENT
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Introduction

“One day Alice came to a fork in the road and saw a Cheshire cat in a tree. ‘Which road do I take?’ she asked. ‘Where do you want to go?’ was his response. ‘I don’t know,’ Alice answered. ‘Then,’ said the cat, ‘it doesn’t matter.”

Every project starts with the goal to satisfy a need. As obvious as it sounds, if you aren’t able to express what you need, your odds of actually getting it are slim. There are far too many examples of procurements gone bad; procurements that bought something—but unfortunately, were not what was expected. While there are many facets to consider when undertaking a procurement, knowing what you need, defining that need and drafting the “ask” in a manner that engenders the best competition are key elements of the process that if done successfully—will optimize your opportunity for project implementation success, but just as important, your desired business outcomes have been realized.

To that end, this paper provides key take-aways in three crucial areas of effective procurement planning: (1) the Business Case, (2) Requirements, and (3) Limiting Unintended Consequences. The takeaways are the compilation of audience input collected during a recent industry interactive session on procurement. The session, “RFPS, Requirements and Cheshire Cats”, was part of the 2019 IT Solutions Management (ISM) Conference held in Milwaukee, Wisconsin, on September 22-25. ISM is an affinity group of the American Public Human Services Association (APHSA). The conference brings together health and human service industry experts from the public and private sector who are focused on technology solutions for business problems. The session was facilitated by members of the Human Services Information Technology Advisory Group (HSITAG), the private sector industry association representing executives from over 60 of the nation’s leading companies that work with public health and human service programs at all levels of government.

1 Lewis Carroll, Alice In Wonderland
Background on the ISM Workshop

The ISM workshop featured three simultaneous mini sessions, each hosted by HSITAG experts to explore issues which hinder states and vendors alike during the RFP process. Attendees ‘speed dated’ through each of the 20-minute mini sessions which included:

- **Session 1: ‘Know Before You Go: Define the Need and Build a Business Case.’** explored the various project vetting and analysis methods used to clearly define what it is you want to buy and establish the value proposition relative to business mission and programmatic outcomes.
- **Session 2: ‘Want, Like, Need: Developing Requirements that Maximize Your Mission.’** probed what strategies or approaches can be used in requirements development during the procurement process that increases the alignment between our business goals and vendor offerings.
- **Session 3: ‘Unintended Consequences: How Traditional Terms, Conditions and Risk Mitigation Policies can Limit Competition’** offered an open discussion of how unintended impediments can be identified and confronted while still offering appropriate protections to all parties.

Facilitators for each mini session introduced the topic area with some brief background for their participants and then probed their audience with questions to stimulate engagement. The participants were advised that a follow-up paper would be published consolidating their input and for those who wished to be acknowledged for their contribution, their names are included at the end of the document.
Session Findings and Takeaways

The consolidated input from participants on each focus area is provided below along with the questions the facilitators used to prompt audience participation.

**WORGROUP 1:**

**Know Before You Go: Define the Need and Build a Business Case**

**PROBLEM STATEMENT:** “Project failures in IT often result from not having the Business leading development of the business case, and ultimately informing critical requirements. Projects can meet scope, schedule, and budget, but still not yield business value (e.g. outcomes improvements, efficiencies, etc.). Building a business case not only helps secure funding, but it lays a critical foundation for executive support, defining expected returns on the IT investment, broader stakeholder acceptance, and solution sustainability.”

**QUESTION #1** What criteria might be used to demonstrate project business value, and connect the investment back to the mission/vision of the organization?

**GROUP INPUT:**

- Performance Measures (business)
- Balanced scorecard
- Compliance
- Agency objectives
- Customer experience
- KPIs
- Transparency – openness
- Identify pain points and work backward from there to define business value and goals
- Tie back to staff/client feedback
- Remember to consider the downside of NOT doing the project in the business case
QUESTION #2   How do you establish qualitative and quantitative measures for project vetting and roadmap prioritization?

GROUP INPUT:

Quantitative:

• Error rates
• Establish benchmarks baseline and goals for improvement
• Make the measures achievable (under promise/over deliver)
• Efficiency
• Timeliness
• Compliance

Qualitative:

• Staff Surveys (e.g. morale) – can tie to retention and training metrics
• External stakeholder surveys – partners agencies, clients
• Usability goals
• Tie back measures to objectives
• Don’t try to boil the ocean, prioritize goals/KPIs

QUESTION #3   How do you build an earnest invitation for a co-creating endeavor between the business and technology, or agency and other stakeholders?

GROUP INPUT:

• Obtain executive level sponsor
• Executive engagement and participation
• Engagement with stakeholders early, during initiation phase of the project
• Establish formal communication protocols and governance
• Provide orientation for team members and vendor
• Process training for project team members (e.g. agile, project management, etc.)
• Set clear expectations/goals and communicate to project team and vendor
• Define what’s in it for them when engaging with stakeholders
• Create shared value and commitment – may need to do these multiple times
• Kick-off meetings
• Provide a stated invitation to participate and establish organization change management
• Establish clear targets
• Nurture inspiration in the team throughout the life of the project
• Create co-champions who will help spread the good word to those who cannot be involved in the project directly, but who may ultimately be affected
• Establish a common language set to be used across business and IT to ensure clarity of requirements and expectations
• Define what is important and refresh that message periodically
PROBLEM STATEMENT: Projects are sponsored to achieve an agreed upon business goal. When the requirements in the solicitation are not clear or do not align with the goals, this leads to many project challenges including scope issues, required rework, and increased risk of project failure. Developing requirements to meet the needs of your business and also provide vendors the ability to bring forward cost effective and innovative solutions optimizes successful outcomes. Effective strategies should be used in requirements development during the procurement process to increase the alignment between our business goals and vendor offerings.

QUESTION #1   What are some of the requirements phrases you have seen used that you believe give vendors the greatest amount of heartburn?

GROUP INPUT:

• Integration
• Modular
• Transformation
• Deliverable
• Shall versus will
• Innovation
• Modularity
• Customization versus configuration
• Interoperability
• If federally mandated
• Supports
• Modifiable & customizable
• Scalable
• Including but not limited to
• Included but not limited to
• Documentation
• Flexibility
• Modern
• Agile
• Benchmark
• State Security Requirements
• Modularity
• Change Management
• How much Cost
QUESTION #2 What are some strategies to improve requirements development?

GROUP INPUT:

- Use of RFIs
  - Challenging because they are public records; vendor reluctance to reveal strategy/thought in public document.
  - Jurisdictions see different responders to RFI than eventual RFPs – confusing and calls into question value of RFIs.
  - Participants would like RFI responses to be more robust and include costs analysis, albeit challenges above are noted.
- Use of draft RFPs: Might allow for more robust Q&A process.
- Bidder’s conferences: Similar challenges to RFIs.
- Culture of procurement: what the law says versus conventional wisdom.
- Agile procurements v. detailed requirements: Agile and innovation can be difficult to cost and evaluate across proposals and lead to vendor/client different interpretations.
- Elaboration of Requirements: What can/should be done before or after vendor selection?
- Vendor conference before RFP issuance: to discuss business goals and requirements to get vendor input. As a group and/or individual conversations?
- Openness/clarity on technology/enterprise architecture: if known, state it.
- RFIs: similar discussion to first group
- Creating and including common requirements across jurisdictions
- Detail out with greater clarity the portion of existing capability to remain, e.g., mainframe or legacy system
- RFIs: similar discussion to first & second group
- Draft RFP: combined with vendor conferences to receive feedback – sense was individual feedback session with vendor responders to draft RFPs
- Need to understand procurement process limits; not just procurement “traditions”
Unintended Consequences: How Traditional Terms, Conditions and Risk Mitigation Policies can Limit Competition

PROBLEM STATEMENT: States are being asked to consider new sources and greater competition, particularly new and smaller entrants into the Health and Human Services marketplace. However, while embracing this concept states may be unintentionally limiting competition by maintaining procurement policies and requirements that are particularly onerous to firms that are newer or smaller than many traditional large players.

QUESTION #1 What are some challenges around building innovation into the procurement and thoughts for mitigating those challenges?

GROUP INPUT:

- Challenges
  - How do you prove out innovation if it hasn’t been implemented yet?
  - Investing in innovations with smaller, less established vendors presents risks ...how do you know they’ll be around next year?
  - How do you score innovation? Everybody says they want it; everybody says they have it, but how do you quantify it and count innovation in the selection process?

- Mitigations:
  - Invite vendors to assist with the creation of the RFP
  - Create a pre-proposal release and host a follow-up conference call
  - Obtain input during the RFP development process
  - Adjust RFP contents based on input
  - Post-release conference call
  - Reach out to other States to reuse effective strategies
  - Adopt “iterative” procurements-issues draft RFPs with opportunity for vendor input prior to final release
QUESTION #2  How has agile development impacted the procurement process?

GROUP INPUT:
- Challenges
  - Difficulty in defining milestones
  - Hard to ensure contract compliance
  - Appears riskier than waterfall
  - Managing alternative approaches hard to manage and costly
  - Some legal impediments with state law
  - New, uncharted territory
- Proposed Approaches
  - Add reserves to deliverables
  - Pilot with a staff augmentation RFP
  - Invitation to Negotiate (ITN) approach for procurement assuming it is materially different than RFI

Question #3  What general concerns, issues or suggestions would you like to surface regarding competition in procurement?

GROUP INPUT:
- Overall sense that all parties (states and vendors) are frustrated by the length of the process and overall cost to both the states and vendors in terms of time and money, resources
- Limited vendors for non-MMIS procurements; smaller pool for modular approach.
- States suggest solution approach rather than present requirements
- Requires a more agnostic approach allowing vendors to present a solution
- Strategic roadmaps from vendors could be requested
- Very quick turnaround time on RFPs is often perceived by vendors as the State having already decided on their selection
- In house procurement are typically perceived as more effective than using central IT procurement
- More information is desired regarding how states can better assess the market and reception of the vendor community so they will know they will get sufficient responses?
Conclusion & Call to Action

Information recorded at the ISM Interactive Workshop suggests both public and private sector entities struggle with current procurement processes. While the two groups may sometimes differ on their perspectives, they are united on the need for improvement. With the changing manner in which governments are investing in technology such as buying only what is needed, when it is needed, transforming to modular architecture, and adopting an agile development approach, it is critical the procurement processes undergo transformations to keep pace with these changes.

In a call to action, it is recommended that the discussions for procurement reform take center stage given the critical impact procurement has on the successful outcome of key agency initiatives and the significant fiscal risks inherent in IT projects. Moreover, it is recommended these discussions, which often engage business and IT leaders be expanded to include the procurement office leadership—a critical stakeholder in this process. Additionally, fully engaging the vendor community for input in the process will add valuable perspective for consideration. Where state law or rules preclude changes, begin the business case to request updates to facilitate effective procurement reform.
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- Mark Formella, City of Norfolk, VA
- Kim Shaver, Kim Shaver Consulting, LLC
RESOURCES

The following resources were used in planning for the interactive workshop and/or were discussed with participants during the workshop.

**RESOURCE 1:** ISM Session Overview and Workgroup 1 Know Before You Go


**RESOURCE 2:** ISM Requirements Workgroup 2 Want, Like, Need

https://comptiacdn.azureedge.net/webcontent/docs/default-source/advocacy-documents/ism_requirements_workgroup-2-want-like-needa866c2ddf69a45c6ab8e5c06b6374b16.pdf?sfvrsn=22fc870f_2

**RESOURCE 3:** ISM Procurement Workgroup 3 Unintended Consequences

https://comptiacdn.azureedge.net/webcontent/docs/default-source/advocacy-documents/ism-procurement__workgroup-3-unintended-consequences1b3e4dcbb814457c9204c9b2c1fd1ff2.pdf?sfvrsn=6a2a0845_2