NCCSD Webinar – Procurement 10/15/2021

Notes organized by topic

PROCUREMENT - Procurement Approach for Each Vendor:

How did you procure each type of vendor that you determined was needed in earlier planning stages (e.g., use the State's Pre-Approved Vendor list, do a Request for Information ("RFI") or go straight to a Request for Proposals ("RFP"), separate RFPs for each phase/module or a single integrator RFP, etc.)?

- o In general, PMO and QA vendors are onboarded before the IVV and DDI vendors are onboarded.
    - o AZ on boarded the PMO right after the feasibility study. OR also on boarded the PMO vendor first.
    - o IN on-boarded the QA vendor first followed by a 2-year project pause; originally was not planning for a PMO vendor but changed course.
- • PMO:
    - o The PMO contract may include additional services such as OCM (manager & coordinator) & staff augmentation (BA Lead and BAs). If electing these services, ensure they are included for the duration of the project.
    - o Consider if the PMO must have specific child support experience.
    - o Depending on the state, the PMO vendor may be procured through an RFP or an existing statewide contract.
- • QA:
    - o Depending on the state, the QA vendor may be procured through an RFP or an existing statewide contract.
- • IVV:
    - o Depending on the state, the QA vendor may be procured through an RFP or an existing statewide contract.
    - o May need to establish an interagency agreement with an external agency to administer the IVV contract; may need to subgrant if you cannot identify an agency to administer.
    - o OCSE has determined that QA vendor must be separate from IVV vendor.
- • DDI:
    - o Procured by RFP or RFI followed by an RFP.
    - o The DDI contract may include additional services such as user training, onsite support, technical training & knowledge transfer, and O&M.
- • Staff augmentation:
    - o Leverage state contracts or include in other procurements.
    - o Understand who is retiring in the next 5 years to plan for knowledge transfer and contingency planning (legacy mainframe resources may need to be augmented).
    - o You will never have enough resources, especially BAs/senior BAs. Assume that BAs will not have down time during the project. OR ended up with 15 BAs; NV has 5 and it is not enough.
    - o AZ, IN – had to augment IT staff, needed more dedicated support from procurement and security
    - o OR – had backfilling in their budget; asked to backfill with full time state employees for IT and Functional Managers.
- • Other:

- o For OCM, do not forget change management for the technical staff.
- o If procuring a QA and PMO vendors, clearly define the roles and responsibilities of the two vendors.
- o When using a state's pre-approved vendor list, keep in mind that these contractual timeframes may impact your project timeline.

PROCUREMENT – Procurement Document Development and Evaluation of Responses/Proposals; Best and Final Offer (BAFO) Strategy:

1. When and how did you familiarize yourself with your state's procurement rules regarding document format, proposal evaluation and the BAFO process? Was it early enough? Whose responsibility was this?

   o It may be helpful to prepare a procurement plan to share with OCSE that outlines timeline, roles and responsibilities (IN).
   o Vendor procurement for the feasibility study is an introduction to the procurement process.
   o Depending on the state, enterprise procurement may lead the process.

2. Doing the writing: resources, review process, scoring rubrics, etc. When, how and by whom was this done?

   - DDI RFP development.
     o Wide range of participants are necessary especially when drafting the DDI RFP; department legal counsel, CIO, contracts officer, business and technical SMEs.
     o If you leverage another state's RFP, follow up with that state to discuss lessons learned. What did you miss? What did you do change control on? What would you do differently?
   - DDI RFP evaluation and review.
     o Consider including reviewers from at least the largest counties.
     - Take time with functional SMEs to make sure they have all the information they need, e.g., feasibility study.
     - Set expectations/provide training for the review team; there may be members who have not been part of a review team before.
     - Indiana's review team was facilitated by an entity outside the organization. The team included 16 reviewers (who scored) and 50+ advisors.
   - Number of proposals to anticipate receiving:
     o DDI – 3 to 6 proposals
     o IVV – around 3
     o QA and PMO – around 5
   - In general:
     o Set realistic timeframes for all procurements; make sure you have enough time built into the plan for DDI procurement activities. Be aware that what may be happening in the procurement area may impact the project timeline.
     o Multiple procurements may be happening simultaneously; take this into account if the same resources are working on multiple.
     o Add contingency clauses to all solicitation materials to account for decisions governing bodies may need to make and the timing of other procurements that need to be done.
     o Consider time and personnel needed. Communicate what is needed from division staff on the project.
     o Take multiple perspectives into account.

3. How did you determine what your Cost Proposal would look like and how the vendors were to propose costs (e.g., Time & Materials, Firm Fixed Price, combination, etc.)?

- All states on the panel used a fixed price contract attached to deliverables. This may make it difficult for vendors to manage cash flow; however, it provides some budget predictability for the state.
- How to handle deliverables in agile - IN identified deliverables and had the vendor identify when deliverables would be completed and at what cost. This did not change much in contract negotiations. They also had to add some functional requirements that were not in their original requirements documents because of new federal regulations, and asked the vendor to bid on this work.
- In general, identify the maximum timeframe for DDI.
    - May be derived from the feasibility study and may be adjusted during negotiations.
    - Budget considerations may influence the project schedule.
    - Aggressive schedule; staff are overwhelmed; unable to keep the lights on.
    - IN specified 3 years.
    - Need to review the project schedule the vendor provides for reasonableness.

4. Were there rules around whether your development vendor staff could work off-site? Off-Shore? If so, who is required to be on-site and for what periods of time?

    - If working on-site, consider having the vendor set up the facility; the facility should be large enough to accommodate state and vendor staff, including IVV staff, in one location.
    - OR was pre-pandemic and most on-site which worked well. Others pivoted to virtual for the most part.

5. What reference documents did you need the respondents to complete (and how did you conduct and evaluate the reference checks)?

- Reference document templates are typically set by procurement.

6. Did you require demonstrations from finalists? Why or why not?

- Vendor demonstrations provide an opportunity to meet key personnel, assess how they interact with each other, and assess if they are a good fit with the state team.
- In the demonstrations, have the vendor demonstrate the components they are brining to the projects and demonstrate their management approach.
- Consider including a wide range of participants (locals CSAs) in the demonstrations.
- Instead of vendor demonstrations, a second BAFO may be used to get clarifications, discuss assumptions, and negotiate costs. Plan for a second BAFO in the project plan.

7. Did you use a vendor to assist in the procurement process also? Why or why not?

- Not all states used a vendor to assist with the procurement process.
- States may onboard the QA vendor in order to review the DDI RFP and be a part of the DDI procurement process.
- In some states, PM vendors have helped draft the DDI RFP and assist with the contract process.

PROCUREMENT – Contract Development and Negotiation:

1. When and how did you familiarize yourself with your state's procurement rules regarding contract negotiations? Whose responsibility was this?
   - Important to include procurement specialists/lawyers who already know the contract rules on your team early

2. When and how did you identify your resources and establish great communication among them for this effort (legal, finance, IT oversight, subject matter experts ("SMEs"), and other contract signatories and/or approvers, etc.)? Whose responsibility was this?

   - Consider including department legal counsel, CIO, Chief Security Officer, program and IT managers, IV-D Director.
   - Get contract negotiation meetings on the calendar
   - Get majority of software decisions clear prior to contract finalization
   - Understand where your agency will do some work and plan for that work.
   - Identify your negotiation teams.
     - Different staff will be involved in each procurement.
     - Staff must be dedicated to the procurement.
   - Negotiations will always take longer than anticipated. IN was able to complete its DDI and PMO contracts within 4 to 6 months after notice of award.
   - Plan your contract discussion approach.
   - Make sure you have enough time to identify gaps.

3. What were the key components to make sure to include in the contract (e.g., OCSE, IRS, and state standard language; whether or not to include penalties in the contract, etc.)?

   - Set expectations and roles and responsibilities around forms and interfaces.
   - Assumptions should never be ignored. Flag erroneous assumptions and discuss in negotiations.
   - Any changes made by OCSE or IRS are within project scope.
   - Include holdbacks for each deliverable that is not released until the end of the project; in general, a 10% hold back seems common.
   - Include penalties for failure to meet quality or schedule.
   - Examine overall timelines to ensure that there is enough time for state agency tasks in the plan – review of functional and technical design documentation, test scenarios is a heavy lift, UAT period, creation of federal certification materials. Inadequate time may result in change orders.
   - Be specific about the type of support and training needed during implementation; after vendor training, you do not want to be in the position of providing additional training.
   - In addition to system navigation and workflow with hands-on activity, training should highlight difference between the legacy system and the new system (bridging).
   - Define defect levels clearly and time frame for resolution
   - Be aware that SLAs and performance standards may drive what get done, e.g., during the transition period, technical training and knowledge transfer may suffer if level 2 defects must be resolved in 5 business days.
   - Have well defined final acceptance criteria.

- Consider your deliverable review timeframes, e.g., how many reviewers do you have? how much time is needed to resolve comments? Some are deliverables are large and complex, e.g., design documents, test cases, training materials. Build in iterative deliverable reviews.

4. Who managed these contracts once done and what skill sets are needed to do so?

- One person, such as the Project Director, needs to oversee all contracts and understand the interaction of all the contracts with 1-2 people managing each individual contract.
- Foster good working relationships with procurement and attorneys.
- For contract management meetings, recommend including vendor sponsor in weekly meetings so if state has to request any changes vendor leadership should not be surprised.
- After project kickoff, may need to augment contract monitoring team.
- Understand procurement of tools – have backups in case a tool does not pass security reviews, legal issues with terms or conditions.

PROCUREMENT – OCSE Approval of RFPs, Contracts, etc.:

1. When and how did you plan for the OCSE approval requirements and time frames (pages I-12 and I-13 in the 2010 State Systems APD Guide)?
   - Be aware that the 60-day review cycle will be restarted if additional items are requested or recommendations are made.
   - Keep OCSE analyst informed from beginning
   - IN's vendors started work early, understanding they were at risk if OCSE had contract issues.

2. What was your strategy for involving OCSE early and often?

   - Provide regular updates to OCSE
   - Provide notification prior to submitting documents for review and approval
   - Often received feedback and approval before the 60 days.
   - Build a strong relationship early.
   - Anticipate a lot of back and forth between the state and OCSE.
   - Include key federal clauses.
   - Ensure there are not geographical preferences in procurement scoring.
   - OCSE may be a resource during contract negotiations; there may be some things OCSE cannot respond to without having the entire contract.

3. Were there any surprises?
   - OCSE rep had several years of IT systems experience. No surprises working with OCSE.
   - Understand constraints of the need for OCSE approvals and state/leg approvals.
   - Sit down with your state APD Analyst to understand processes, timelines, review processes.