

# NCCSD Systems Modernization Committee

## Systems Modernization States Lessons Learned Webinars

**Procurement – 10/15/2021**

**Arizona**

**Heather Noble, IVD Director, HNoble@azdes.gov**

**Tammy Fogle, Systems Administrator TFogle@azdes.gov**

# The Arizona IV-D Program

- Under the Health and Human Services Umbrella Agency- Department of Economic Security
- DCSS is State Administered / State Operated within all 15 counties
- Judicial State, limited administrative process
- Collaboration with the Arizona Attorney General’s Office and Clerks of Court
  - Navajo Nation operates their own IV-D Program
- Caseload: 141,592 (Rural 22% / Urban 77%) - As of 8/31/21 / Staffing: 525 FTE



## Project Details, Assumptions and Constraints

- Feasibility Study (2017-2019) - Delaware Transfer
- Pre-Planning / Planning: 2018 - 2021
- Project Kick-off / Implementation - January 2021 - Present
- Pilot ~ Fall of 2022 / Statewide Roll Out - Spring of 2023
- State IT mandated an “updated” technology platform
  - This occurred post feasibility
- Other prior system projects in AZ have not been successful, requirements added / additional oversight
- Project was required to use an agile approach
- No GF or Automation Project Funds (APF)- Internally Funded
- DDI - Awarded to Deloitte / QA Awarded to Maximus / IV&V Awarded Public Consulting Group / PMO and OCM = Contractors
- What solution are we getting? Hybrid
  - Custom built front end processing w/ Delaware transfer for backend processing



- ✓ Functional Efficiency & Technical Scalability
- ✓ Time to Implement
- ✓ Risk Avoidance
- ✓ Cost Effectiveness

## Procurement Approach for Each Vendor

Project Management Office ("PMO") - Hired as contractors via a Statewide Contract / Task Order - Organizational Assessment, Consulting and Deployment Services Grant Thornton LLP

- Project Director - knows child support very well / knows systems modernization - majority of career is working with states modernizing child support systems
- Project Scheduler / Controller
- Project Administrator - hired through Knowledge Services

Organizational Change Management ("OCM")

- AZ did not go with a vendor for OCM nor did we have OCM under the DDI Vendors scope. Hired as a contractor, Statewide Contract / Task Order - Grant Thornton LLP
- OCM is part of state established PMO team and work collaboratively with the Implementation Team and the Training Team

Quality Assurance ("QA") - Straight to a Request for Proposals ("RFP")

Independent Verification and Validation ("IV&V") - Utilized the state's Pre-Approved Vendor List

- The State Procurement Office (SPO) was in process of awarding a new Statewide contract through a request for proposal / Required a Competition Impracticable

Design, Development, and Implementation ("DDI")

- Request for Information ("RFI") was conducted - Although AZ selected a transfer system, wanted to ensure we were getting the latest/greatest advancements in technology and if there should be any added requirements for the project above what the transfer solution would provide. Followed by Request for Proposals ("RFP")

Training - IM Vendor Responsible

- "Just In Time" training approach. Vendor will train staff within 20 days of system implementation using the ADDIE Training approach
- IM vendor partnering with AZDES Office of Professional Development / Training Department (~10 resources)

Staff Augmentation (to date) - Leveraged State Contracts - Lesson Learned: understanding who is retiring in the next 5 years / knowledge transfer / contingency planning

- Senior Business Analysts (3) - Include prior CSE modernization experience (South Carolina - System Certification and WV) - All hired through ANB Services Inc.
- Technical Manager - FTE hired within umbrella IT - Oversees all internal IT teams (some fully dedicated / partially dedicated)
- Mainframe Programming Resources - Continuity / Contingency planning - Primary resource is retiring at the time of conversion / pilot - 1 additional FTE & onboarding 2 Knowledge Services contractors to assist in supporting data conversion, keeping lights on, and knowledge transfer legacy mainframe programming

## Procurement Management Plan:

### **Q: Who needed to be involved (OCSE, State project, budget, IT, etc. staff, other State stakeholders)?**

- Monthly meetings with OCSE (DCSS Business Administrator, DCSS IT Administrator, Budget staff, APD Analyst, Project Director)
- System Replacement Stakeholders Leadership Meeting - Met for 2 years from Feasibility Study to Project Kick-Off
  - **Included:** Project Director and Project Coordinator, Project Executive (IV-D-Director), Project Sponsor (IT Administrator), Business Administrator, Procurement Manager, Procurement Lead, APD Analyst, Financial Services Administrator and Sr. Managing Analyst, State IT-ASET Manager and Coordinator, Chief Technology Officer, Chief Security Officer and Chief Information Officer
  - **Frequency:** Weekly internal meetings / Recurring bi-weekly w/ stakeholder leadership team to keep apprised project progress
  - **Objectives:** Review and provide status on: APDs, budget (state and federal) processes, procurement acquisition activities, planning and project timelines, preparation for statewide governing boards / bodies, review risks, issues, and actions
    - IT Authorization Committee (ITAC) through the AZ Strategic Enterprise Technology (ASET)
      - Do you have an equivalent? State IT / AZ Strategic Enterprise Technology (ASET) - Within the AZ Department of Administration, very instrumental and a beneficial state stakeholder (We wished they were involved at the Feasibility Study Phase)
      - Advisor of the state's process, experience with other state IT projects, what to watch out for/keep in mind, and to help prepare the team and navigate through the submittal of state's requirements to state required governing bodies IT Authorization Committee (ITAC) and Joint Legislative Budget Committee(JLBC)

### **Lessons Learned:**

- Post implementation contract monitoring is a significant lift (weekly/biweekly conversations/discussions)
  - Reviewing requirements for clarification, possible scope changes, and Change Requests (CR)
- Knowing who on the project team needs to be intimately aware of the SOW, Appendix, Vendor Responses.
  - This is critical when you get to the Change Request processes and knowing what is in scope and is not in scope.
- Planning, timeframe, resources for amendment changes and procurement of tools and software after vendors are onboarded
  - Knowing what is needed up front is critical. Having back-ups for these tools may be necessary and will help with planning if a tool does not pass security reviews, legal issues with the terms or conditions, or insurance requirements
  - Understanding the procurement team and security teams roles if the State is responsible for the procurement of licences or tools the amount of resources, time, security reviews, negotiations can be significant
- New Project Executives or Stakeholders - critical that they understand what is in the contract / vendor's response - orientation each time there is a change in executive leadership

# **Procurement Document Development & Evaluation of Responses/Proposals; Best & Final Offer (BAFO) Strategy:**

**Q: When and how did we familiarize ourselves with the state’s procurement rules re: document format, proposal evaluation the BAFO process? Was it early enough? Whose responsibility was this?**

- This process is fully standardized and used with other procurements in Child Support and our umbrella agency
- Standard templates exist for all procurement documents
- The team met to come up with an appropriate and agreed upon timeline in accordance with the overall project schedule
- In the midst of our project, our Procurement Portal system was modernized and we lost our list of suppliers - Procurements team’s ability to pull list of commodities and supplier names together for the a few of the RFP / ensure they received the proper notification
  - Lesson Learned - Know what is going on in your Department that could indirectly impact your procurements

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

- This is also standardized - but the scoring rubric needed collaboration and discussion to ensure there was agreement with the weighting criteria

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

- Firm Fixed Price / Deliverable based - fixed price with price adjustment contract

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

- The RFP was created pre-pandemic - originally the On-Site vs. Off-Site work was laid out in the RFP, however we have been flexible
- Due to the pandemic the full project team is working virtually. No one is working offshore and must be located in the United States.
- Clause in the contract - Offshore Performance of Work Prohibited. “Any services that are described in the specifications or scope of work that directly serve the State of AZ or its clients and involve access to secure or sensitive data or personal client data shall be performed within the defined territories of the United States... does not apply to indirect or 'overhead' services, redundant backup services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers.”

**Q: What reference documents did you need the respondents to complete (and how did you conduct and evaluate the reference checks)?**

- Estimated costs of projects, begin dates and end dates, project overview
- The Procurement Officer reaches out to the references directly with a form to have completed. The form contains questions that the Program identifies

**Q: Did you require demonstrations from finalists? Why or why not?**

- No demonstrations were not part of the process / AZ did require a 2nd BAFO - additional questions required of each vendor on the technical details

**Q: Did you use a vendor to assist in the procurement process also? Why or why not?**

- AZ had support in writing the IM RFP from the feasibility study vendor (CSG); no other vendors supported the procurements
- The project director that we hired supported all procurements - had the technical skill and experience

## **IM 2nd BAFO-- Q: Were there changes required to the state's infrastructure to support your new system or did the selected solution have to fit within the State's IT roadmap/plans?**

- The AZ solution needed to fit within the enterprise IT roadmap
- Feasibility Study did not give the decision making executives or enterprise IT confidence in the transfer solutions technical architecture
- Original RFP did not solicit enough of the technical detail needed to make a decision after the BAFO
- AZ sought clarification from DDI vendors during the RFP process - through a 2nd BAFO:
  1. Elaborate on how the proposed solution would allow for ease of configurability within the platform
  2. Describe the capability of the proposed solution to allow for mobile accessibility and usability by the customer
    - AZ solution has a mobile first approach
  3. Describe how the proposed platform would provide the most cost effective method from a hardware/software perspective
  4. Provide the level of effort from technical staff and dependency post implementation for the ongoing maintenance of the proposed architecture solution
    - Two year O&M phase, an integrated team supports training and knowledge transfer to the AZ IT personnel in year 1 and then shadows, observes, supports in year 2
  5. Describe how the proposed architecture could leverage the SaaS, PaaS, or IaaS solutions
    - Our solution leverages all three elements
  6. Describe how the solution would interface with disparate other systems in the agency, that are built or to be build on various new technology using SaaS or PaaS solutions.
    - Solution is built with MuleSoft which is providing this integration
  7. Explain how the architecture would satisfy the defined Response Time Performance Standards as AZ defined
    - The time it takes for a user interacting with the system and the time the system takes to respond to the request.
- After all of these clarifications, AZ was able to make the best decision and was in alignment with the states enterprise IT strategy
- Due to length of time from feasibility study and the date of the solution we selected (DE), we also did an RFI to learn about new features, enhancements, and upcoming technology advancements to ensure our solution would be relevant and modern. Although we were doing a transfer system, we still wanted to ensure we were getting the latest/greatest advancements in technology and to see if there should be any added requirements for the project above what the transfer solution would provide.

# **Contract Development and Negotiation:**

**Q: When and how did we familiarize ourselves with the state’s procurement rules regarding contract negotiations? Whose responsibility was this?**

- Umbrella Department Procurement Team - Imbedded into the project planning team (2-3 resources)
- Experts on State Procurement requirements that might impact the projects acquisition activities and support that would need to be leveraged for the Competition Impracticable (Chief Procurement Officer and State Procurement Team were brought in to support at times)
- For the evaluation team, we had a technical expert, a business analysis manager, and executive leader
  - This team had a strong IT, systems, and modernization background, including skills in working on large complex solicitations, experience with vendor contracts and management; with SMEs available to support the evaluation

**Q: When and how did we identify our resources and establish great communication among them for this effort (legal, finance, IT oversight, SMEs, and other contract signatories and/or approvers, etc.)? Whose responsibility was this?**

- This group of procurement, program leaders, and IT evaluators went into what we like to call “lock down” for about 120 days - 100% dedicated focus
- Started with the Pre-Offer meeting, training (going through the evaluation tool), initial independent evaluations, consensus evaluations, negotiations, and BAFO.
- With this project we did s 2nd BAFO - technical clarifications needed to determine the right solution and alignment to the enterprise IT strategy.

**Q: 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.)?**

- Due to the project cost and complexity, OCSE highly recommends holdback clause with a significant amount withheld to protect the federal and state investment and ensure that the vendor delivers as promised
  - “Ninety (90) percent of Milestone/Deliverable Payments shall be billable upon Deliverable completion and written acceptance by AZ. The remaining ten (10) percent of Milestone/Deliverable Payments shall be billable upon OCSE certification.” / Pricing sheet includes a column with the projected ten percent (10%) holdback costs for each deliverable/task
- Service Level Agreements to ensure State standards are adhered to
- Contingency Clauses - Added theses to all solicitations materials / governing bodies outcomes and timing of procurements that needed to be done in advance

**Q: Who managed these contracts once done and what skill sets are needed to do so?**

- DCSS Business Administrator and Contracts Manager
- Project Director and IT Administrator are intimately aware - along with the Technical Delivery Manager and the Business Analysis Manager
- Project Executives - imperative that the CIO, CTO, CISCO along with Child Support Executives know what is in the SOW and vendors response(s) / Those on the Change Control Board / for change requests, need to be aware and have access to these documents
- **Skills:** attention to detail, time management, understanding the full scope of all of the contracts and how these work/fit together

## **OCSE Approval of RFPs, Contracts, etc.:**

### **Q: When and how did we plan for the OCSE approval requirements and time frames (pages I-12 and I-13 in the 2010 State Systems APD Guide)?**

- Having someone knowledgeable and experienced in understanding the requirements
- Be prepared for questions and to submit clarifications
  - Planning time to ensure the right people are pulled in to answer these timely and get them resubmitted, as the clock starts over, although we found that the full 60 days did not occur in all instances.
  - Scheduling meetings to review concerns (OCSEs or the state) were also helpful and ensured clear understanding
- Understanding the tie-in of other Department APDs and DHHS/ACF reviews in addition to OCSEs

### **Q: What was your strategy for involving OCSE early and often?**

- Monthly meetings were already a standard occurrence since the feasibility study.
- Involvement of the Project Executive and Project Director in these meetings was helpful to the Business Administrator that was typically responsible for the meetings
- Providing status - building confidence in where the project was at
- Working collaboratively on new concepts like Agile Federal Certification Approach - demonstrations throughout the design/development process (in progress/no results)

### **Q: Were there any surprises?**

- Sit down with your APD Analyst to understand processes, timelines, review process
  - Our Dept. has one APD analyst - this project requires many APDs, but that person's role and responsibilities in working with budget and procurement to review and have all the needed parts to every contract/RFP is extensive.
  - Coordinated all of the questions & answers from OCSE, and updates to the RFPs during the review process with our procurement team
  - Exec. level sign off & routing adds weeks to the project schedule ea. time - Need to review the full project schedule in detail to ensure their process is accounted for

### **Key Groups / Stakeholders Requirements**

- Navajo Nation's IVD Program - AZ took advantage of OCSE's offer of technical assistance to help prepare for their APD, process, and advice to help them succeed in joining the AZ system modernization - supported the addition of new requirements in the IGA - to ensure OCSE and AZ expectations were met.
  - Helped clarify what options were available to the tribes to ensure they were making the best business decision for their team (NN IVD program uses NM and AZ systems and geographically located in UT, AZ, NM)
  - Set clear expectations about what needed to be done to participate - NN had to review of all Functional Requirements of the system and perform a gap analysis - NN sought additional OCSE technical assistance from their regional rep.
  - Understanding their core business processes and indicate would they would need to adopt, change, or elect not to use



## Setting Realistic Timeframes for All Procurements:

### **Doing the research and developing milestone timelines to calculate the duration and sequence of each of the various procurements**

- DCSS Contracts Manager, Procurement Analyst, and Procurement Manager were imbedded into the Pre-Planning and Procurement Phase of the AZ project
- Mapped all of these acquisition activities with the Project Director, IT Administrator, Business Administrator
  - Understanding of other key and critical procurements in the division or umbrella organization and factoring in capacity to manage the multiple procurements
- Project Journey Map - Mapped procurement against the state and federal processes (go/no go funding decisions, budget, governing bodies)
- Bi-Weekly Stakeholder Meetings- Visually documented the timelines, process steps, owners, timelines of each procurement & approvals

### **Building in time for the unexpected / Planning for resources where there are overlapping multiple procurements - When, how and by whom was this done?**

- Understanding when your governing bodies meet -
  - In AZ, although the project was internally funded, it was being treated as if it was receiving GF or Automation Project Funds (APF) state budget required Joint Legislative Budget Review - This body meets quarterly. Understanding the timing of this effort and backing into the project procurement schedule was critical.
  - Understanding what this body needed - they needed financial / budget information - but we only had projections, as procurements were not finalized.
  - Needed to go before this committee to get the favorable review to be able to start the project
- Contingency Clauses - Added these to all solicitations materials / governing bodies outcomes and timing of procurements that needed to be done in advance
- OCSEs 60 day review timelines, but factoring in time for Q&A that comes from the review or adding contract language, federal citations
- Extensive project management - Project Director and Project Administrator
- Add additional buffer/planning time - reduce stress and overwhelm of the teams
- Resources - Having back-ups in the procurement area was helpful. Ensuring they have the skill, talent, and knowledge to execute and work on procurements of this magnitude, those with IT background is also helpful
- “Surprise” Procurements - e.g. in AZ, our Umbrella IT needed to select a Cloud Hosting Contractor