NASPO-NASCIO Joint Task Force on Negotiations

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Recommendations for Improved IT Procurement

1) Remove unlimited liability clauses in state terms and conditions

2) Introduce more flexible terms and conditions

3) Don't require performance bonds from vendors

4) Leverage enterprise architecture for improved IT procurement

5) Improve the negotiations process

The Changing Face of IT:

| How does your state CIO organization plan to deliver or obtain IT services over the next three years?	2015	2016	2017
Expand existing IT shared services model	62%	72%	60%
Outsource business applications through a SaaS model	55%	66%	52%
Expand existing managed services model	53%	61%	55%
Downsize state-owned-and-operated data center(s)	49%	28%	55%
Expand outsourcing	43%	45%	45%
Introduce a managed services model	26%	17%	21%
In-source some operations that currently are outsourced	17%	19%	17%
Introduce outsourcing as a new service model	15%	17%	33%

The Changing Face of IT Procurement

- Dealing with the speed of technology improvement

- Adding flexibility to the RFP

- Ability to negotiate

- Emphasis on solutions

- Prequalification of vendors

- Agile/iterative procurement methods

- Cloud and SaaS-based procurements

- States as IT consumers instead of IT builders

"We cannot continue to solve IT issues with old technology solutions."
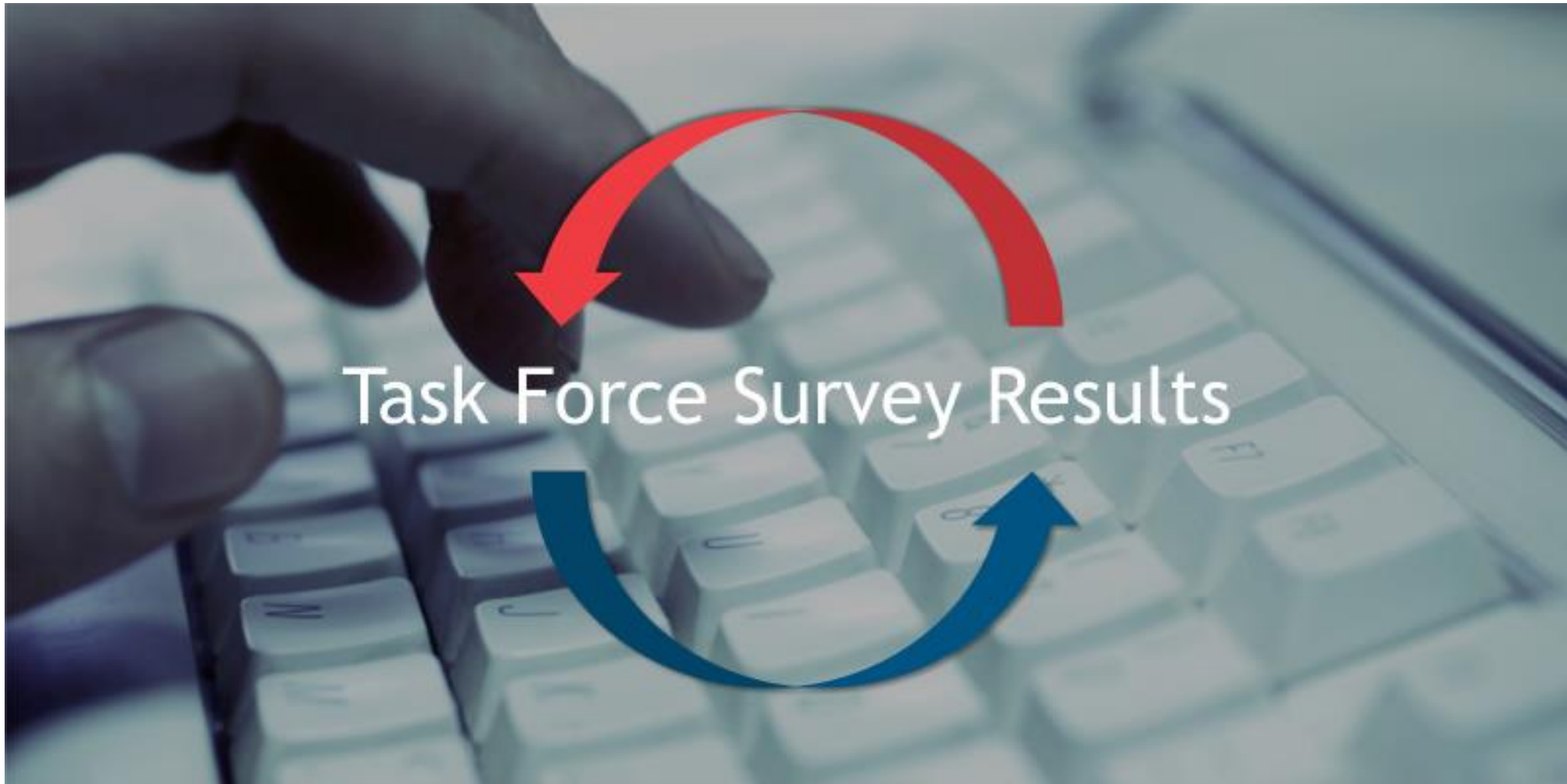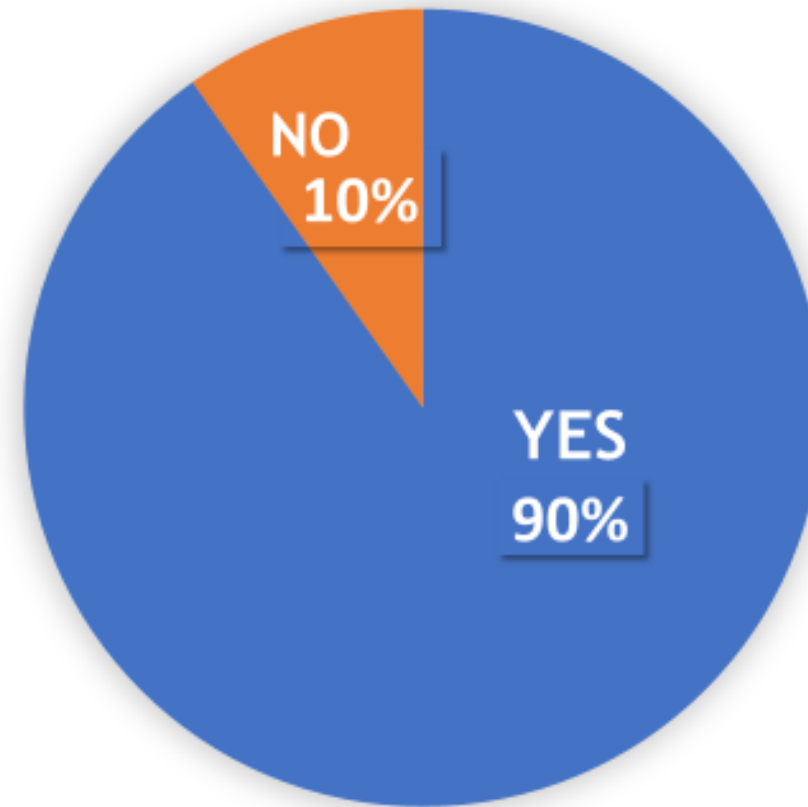
Task Force Survey Results

Who Is Negotiating?
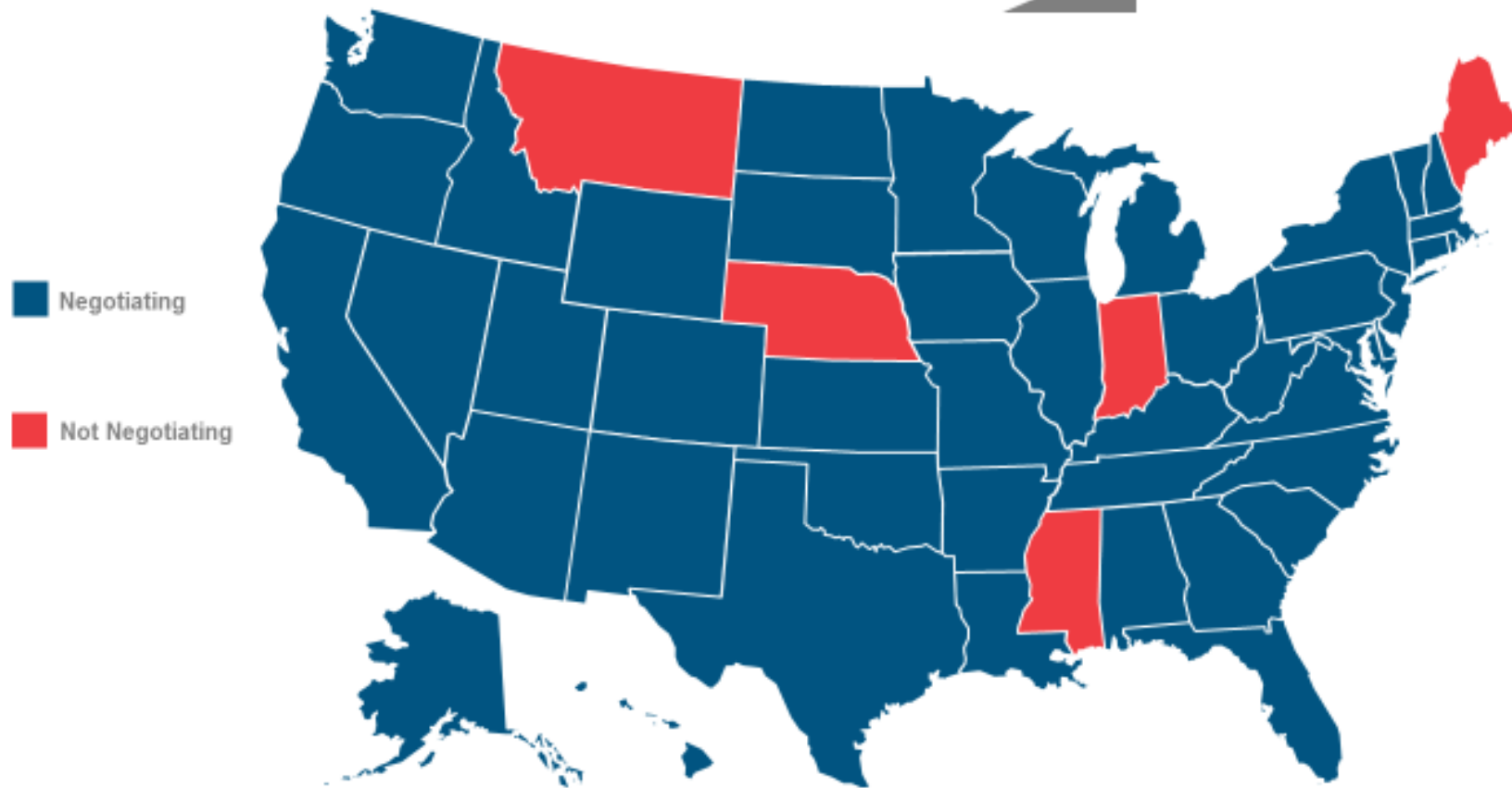
Relationship Building

How often do you meet with your CPO/CIO?

- Daily 5%
- Never 7%
- Weekly 27%
- As needed 20%
- Monthly 40%
- Quarterly 1%
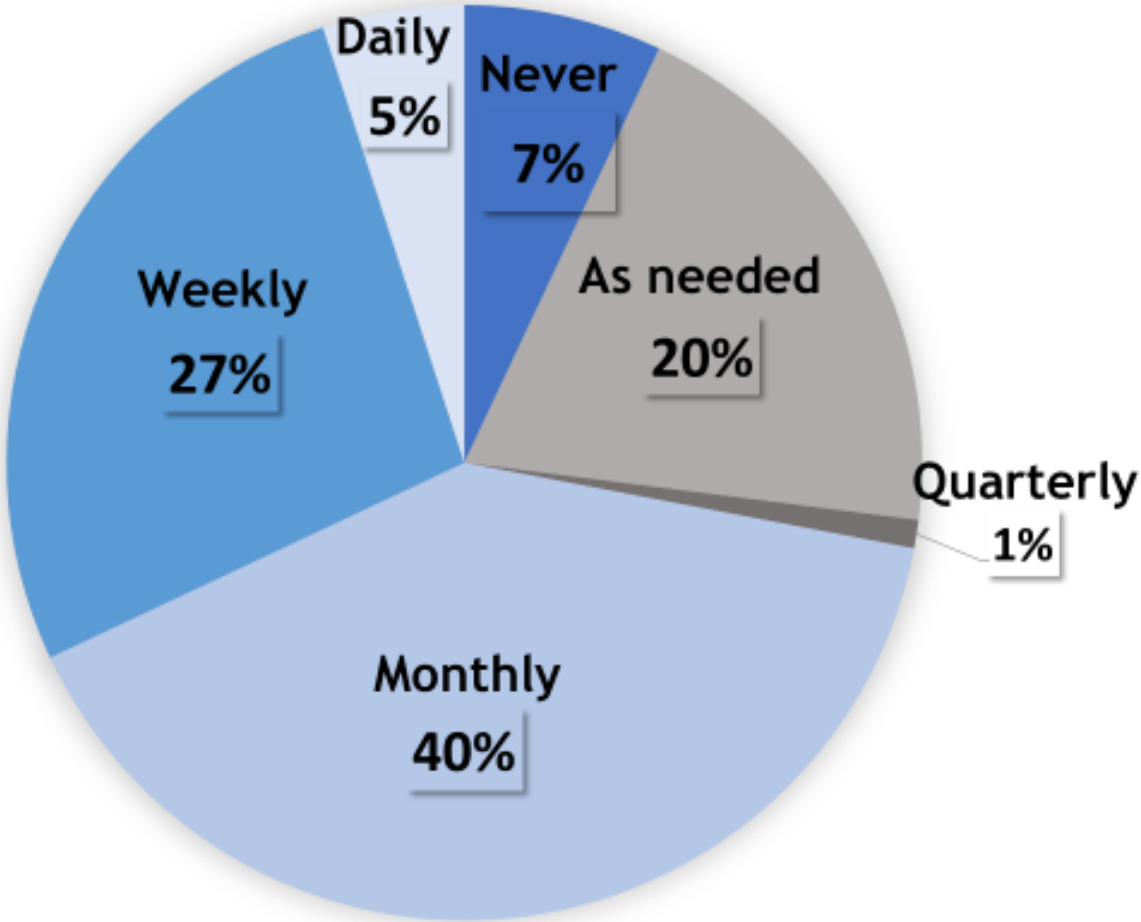
"Let's find a way to work together and come together with a solution that is in the best interests of the state."

Relationship Building

Recommendations

➢ Base communication and interaction on the assumption that the other party has the best intentions and is working in the best interest of the state. Ensure that there is clear communication among all staffing levels

➢ Cross-educate and train to ensure that everyone involved in the IT procurement process is aware of the expertise and value brought to the table by all parties.

➢ Clearly define roles and responsibilities, identify and address key challenges in the IT procurement process, and collaborate to proactively plan and streamline each IT procurement.

Centralization of IT Procurement

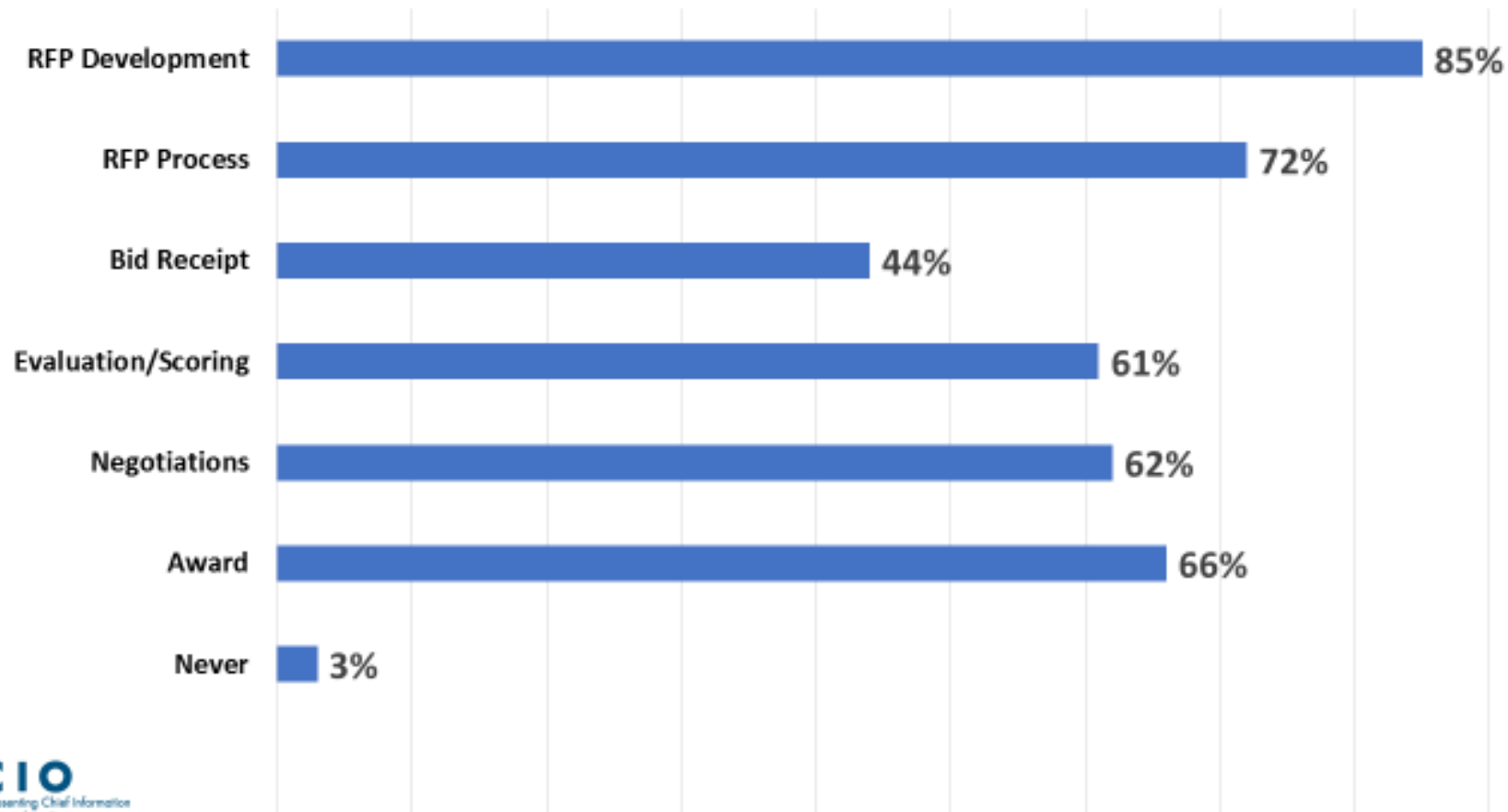

In your state, all IT procurement is handled by:

- Other 27%
- CPO 23%
- CIO 12%
- Divided 38%
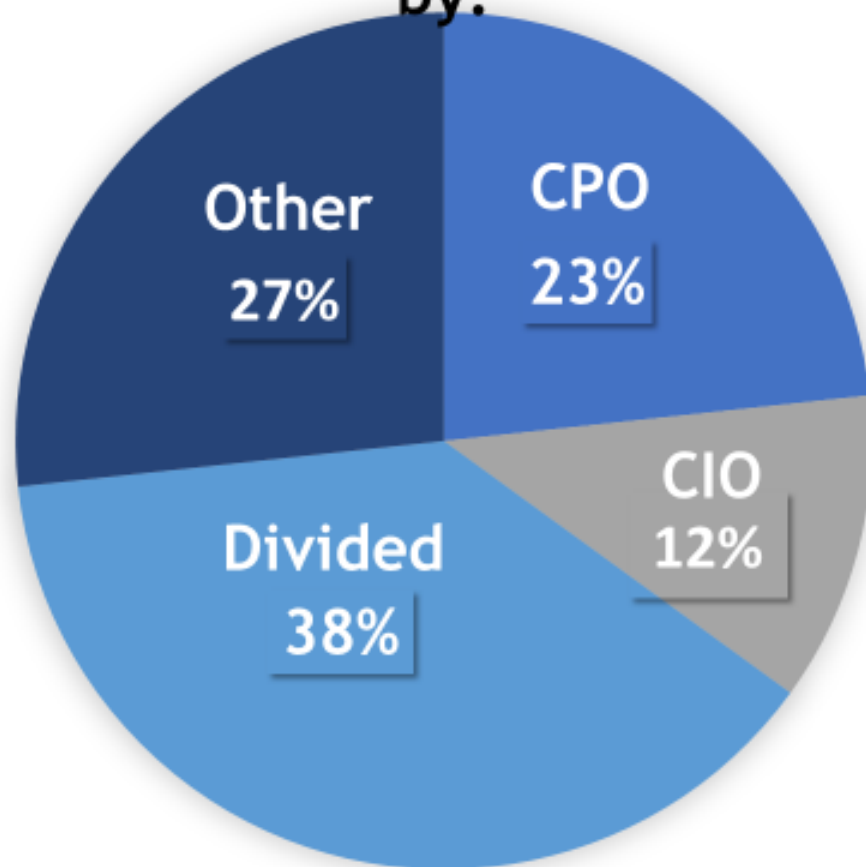
Centralization of IT Procurement

Recommendations

➤ Centralize the IT procurement management process under one umbrella to increase and leverage the state's buying power; save the state time and money; and ensure clarity in roles, responsibilities and best practices.

➤ Don't focus on who "owns" IT procurement; rather, focus on having the tools needed for successful IT procurements.

➤ Use centralization of IT procurement to increase awareness and visibility and to maintain subject matter expertise in the state's enterprise architecture.

➤ Stay in or change to be in alignment with the state's enterprise standards and architecture-driven technology plan.

➤ Use centralized IT procurement for better vendor management, metrics and performance—all of which contribute to improved negotiations, streamlined terms and conditions and cost savings for the state.

Procurement Process Partnerships

At what stages of the procurement process is the CIO's office consulted regarding the IT transaction? Respondents chose all that apply.

| Stage	Percentage
RFP Development	85%
RFP Process	72%
Bid Receipt	44%
Evaluation/Scoring	61%
Negotiations	62%
Award	66%
Never	3%

Procurement Process Partnerships

Recommendations

➢ Cross-educate the CIO and CPO teams and appreciate the perspective of both teams to ensure an understanding of priorities and objectives, defined roles and shared terminology.

➢ Establish a central point of contact in both CPO and CIO offices to promote better communication and workflow.

➢ At the beginning of the procurement process, determine if it is permissible to negotiate and, if so, when and what to negotiate.

➢ Work with all parties—including those from the private sector—to set a process which increases flexibility and communication.

➢ Craft RFIs and RFPs in a manner to encourage solutions from the private sector rather than focusing on overly prescriptive specifications.

➢ Use iterative/non-waterfall procurement methodologies when appropriate to improve procurement cycles, add flexibility, and reduce risk.

Policy & Legislation

Were you involved with the process of making the changes to the code/statue/policy required to negotiate in IT procurement?

YES 6%

N/A 41%

NO 53%
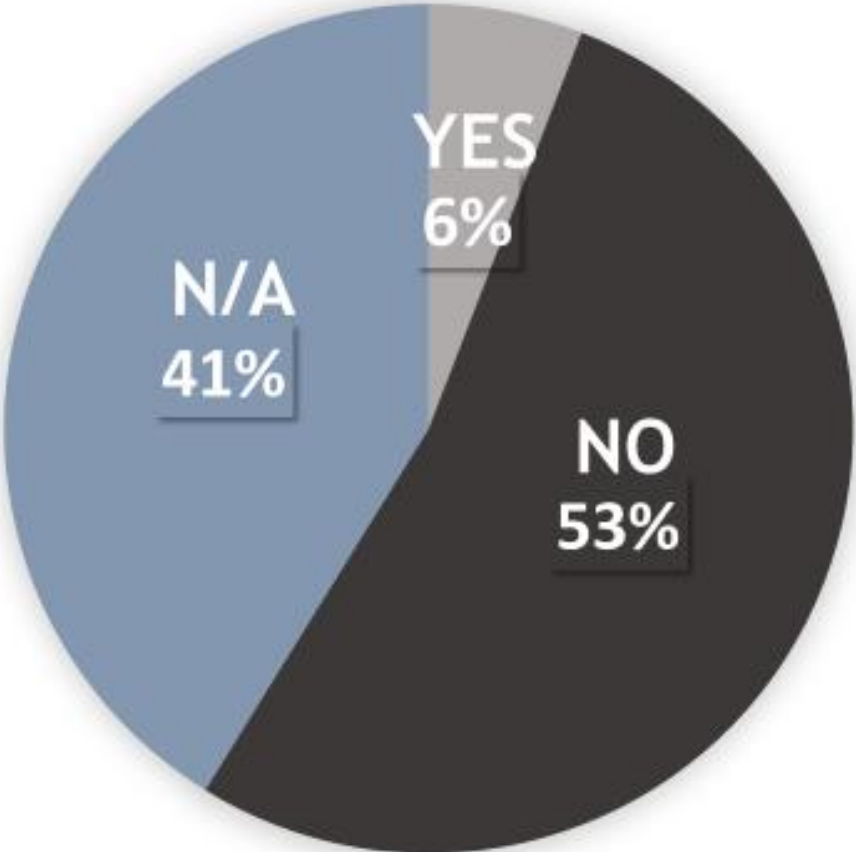
"We must change the perception that what we strive for in government is acceptable mediocrity."

Policy & Legislation

Recommendations

➤ Work together to achieve executive action and legislative authority to allow negotiations that would benefit the state and provide best-value for all IT procurements.

➤ Leverage cooperative purchasing, master service agreements, and pre-qualified vendor pools, when appropriate, to achieve best value for all IT procurements.

➤ Be flexible, but maintain consistency when interpreting internal policy and procurement code, to promote a culture of innovation while balancing risk.

➤ Explore small scale IT procurement negotiations to build the case for widespread adoption.

The full report can be downloaded on NASCIO's website:
www.nascio.org/procurement

State IT Procurement Negotiations:
Working Together to Reform and Transform