Procurement: Yes, it is a project!

AIRA 2019 National Meeting
Breakout Session 4B
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Learner Objectives

- In this session, learners will:
  - Appreciate the complexity and potential impediments of the procurement journey.
  - Understand the prospective role of IIS leadership in the procurement project.
  - Become familiar with various tools, techniques and strategies to procure IIS software or services.
  - Recognize the necessity of documenting requirements and service expectations using the Request for Proposal, statement of work and other jurisdictional templates.
  - Troubleshoot your procurement challenges with input from your faculty and peers.

Session Format

- Attendee Learning
  - Instruction: Knowledge transfer
  - Activities: Knowledge application
  - Discussion: Knowledge sharing

- Session Evaluation
  - Welcome…and appreciate your candid feedback!

Caveats

- No two procurements are alike.
- Procurement projects can take a long time…usually (much) longer than anticipated!
- Your jurisdiction's policies, procedures and templates will be what drive your process.

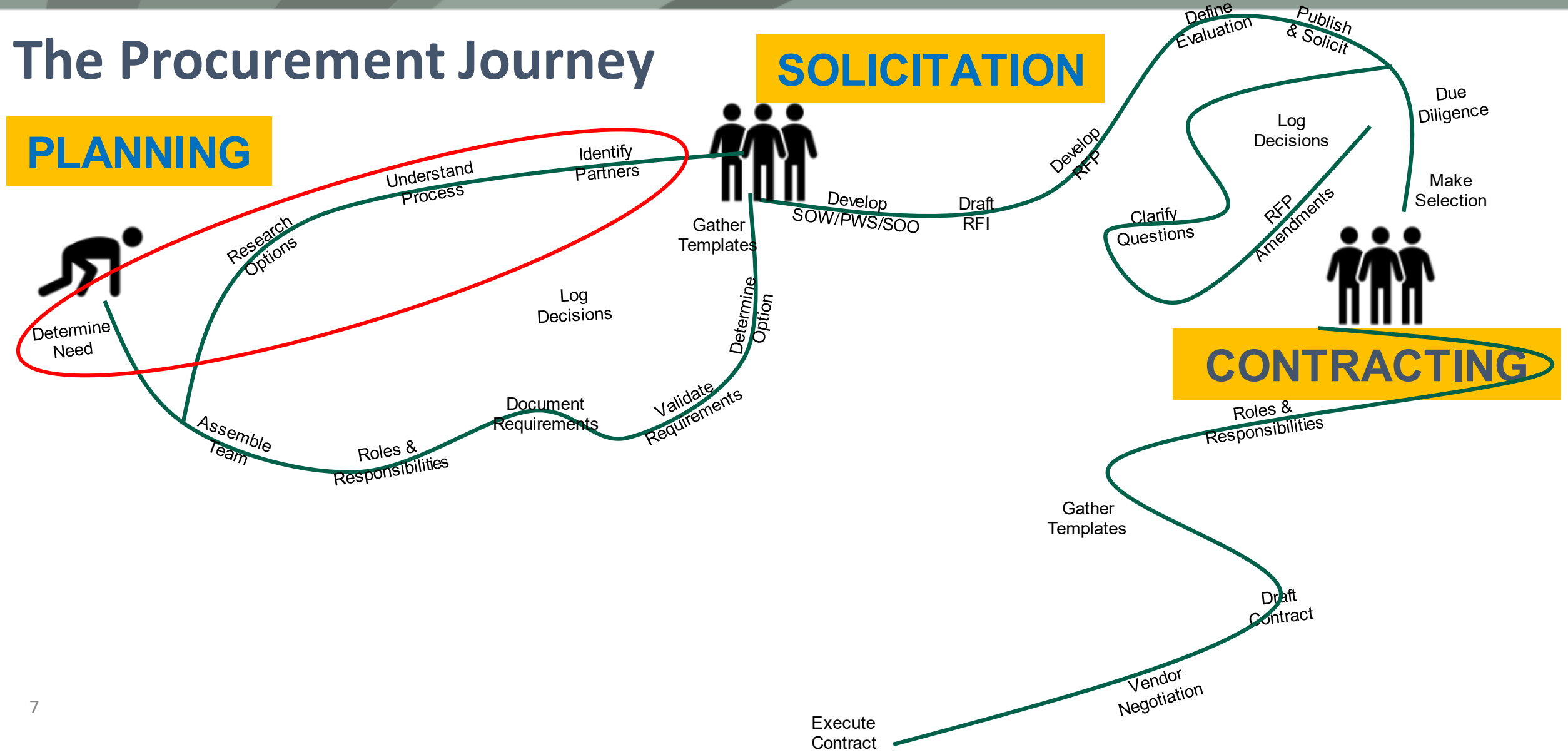
Overall Key Points

- Procurement, especially IT procurement, increasingly managed centrally outside of the health department.
- Start early: Know all the phases, steps, timelines, templates and people you will need to work with.
- Be proactive in forming the relationships you will need.
- Assemble the right team.
- Understand the available options; select the optimal procurement method to meet your needs.

Procurement Roles & Responsibilities

- Standard R&Rs of the procurement process can be defined, though named resources depend on the state's procurement model.
- IIS leadership may not be actively engaged in the procurement process, but will:
  - Ultimately work with the selected vendor and must comply with the contract.
  - Manage staff and stakeholder expectations of the new product/service.
  - Provide input in terms of the language and requirements within the RFP, SLAs and contract to manage daily interactions with the selected vendor.

The Procurement Journey



Discovery: "Getting Ready"

Key activities:

- Clarify the need (create your business case)
- Understand all steps in the process
- Know who has approval authority at what steps
- Know the people; build trust
- Identify procurement options
- Become familiar with the templates
- Obtain samples from which to learn

Creating Your Business Case*

Key activities:

- Consider senior leadership as the audience
- Draft and vet the business case

*Business case may not be applicable in certain procurements e.g., maintenance contract renewals)

Questions to ask:

- What problem(s) are you seeking to solve?
- What are your objectives?
- What are the expected benefits?
- What factors are driving the need for a procurement?
- What risk(s) if no action is taken?
- What alternatives (if any) and the pros, cons and likely costs of each?

Overall Procurement Process

Key activities:

- Understand policies
- Gather templates
- Interview other departments/agencies
- Schedule meeting with procurement office

Questions to ask:

- ✔ Where are the policies and the steps documented?
- ✔ Who has approval authority over what steps and when?
- ✔ What is the expected timeline for viable types of procurement?
- ✔ Are there evaluation gates to pass at any points?
- ✔ Over what do you have control and for what do you have little or none?
- ✔ Does a project manager get assigned from elsewhere?

Your Procurement Options

- Jurisdiction procurement processes
- GSA schedule 70, through state or CDC
- “Piggy-back” RFP or contract
- Competitive vs. non-competitive (sole source)
- Cooperative purchasing among jurisdictions
- Build vs. buy

Activity: Discovery Process

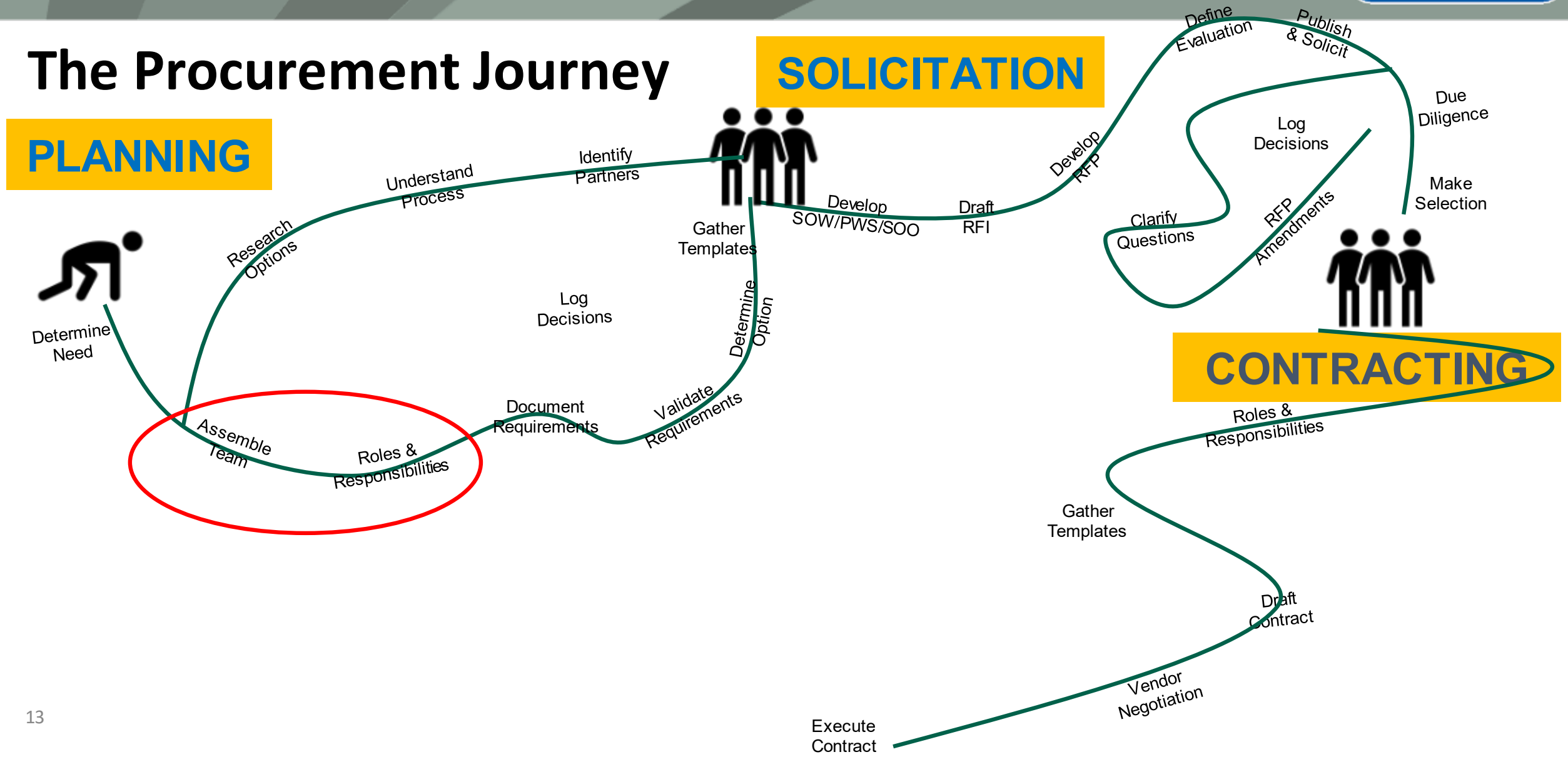
Discuss Scenario #1: The Immunization Program is considering migrating from their home-grown system to a new platform. After attending the AIRA National Meeting and talking with other IIS programs about the cutting-edge functionality their systems have, the Immunization Program team discussed the need for improvements in their current system. They are currently addressing rising hosting costs, frustrated by delays in bug fixes and enhancement requests, managing data quality issues and staffing shortages and are wondering whether their issues are related to deficiencies in the platform itself or something else. They are uncertain whether a new product and vendor would afford them the opportunity to address improvements in functionality more easily than having their current vendor modify their existing product. Where to begin.....

Scenario Questions:

- What steps would you lay out for the Program to determine whether a procurement is necessary?
- Who would you recommend that the Program reach out to and what questions should they ask?
- Should they embark on the Procurement Journey?

Discuss your thoughts with the larger group.

The Procurement Journey



Key Points - Governance

- As with any project, governance is a crucial element
- Assembling the team – Identify necessary individuals and their role
- Team members may be within the organization or from outside to include:
  - Executive Sponsors
  - Core Team
  - Extended Team

Executive Sponsors

- Individuals most responsible and accountable for success of the project
- Ensure the necessary financial, human and other resources are in place
- Authority to address organizational barriers if they arise
- Often serve as “champions” for the project both inside and outside of the agency
- Not involved in the day-to-day planning, but must be periodically briefed
- Number of sponsors and their roles are largely dependent upon the nature and scope of the procurement project

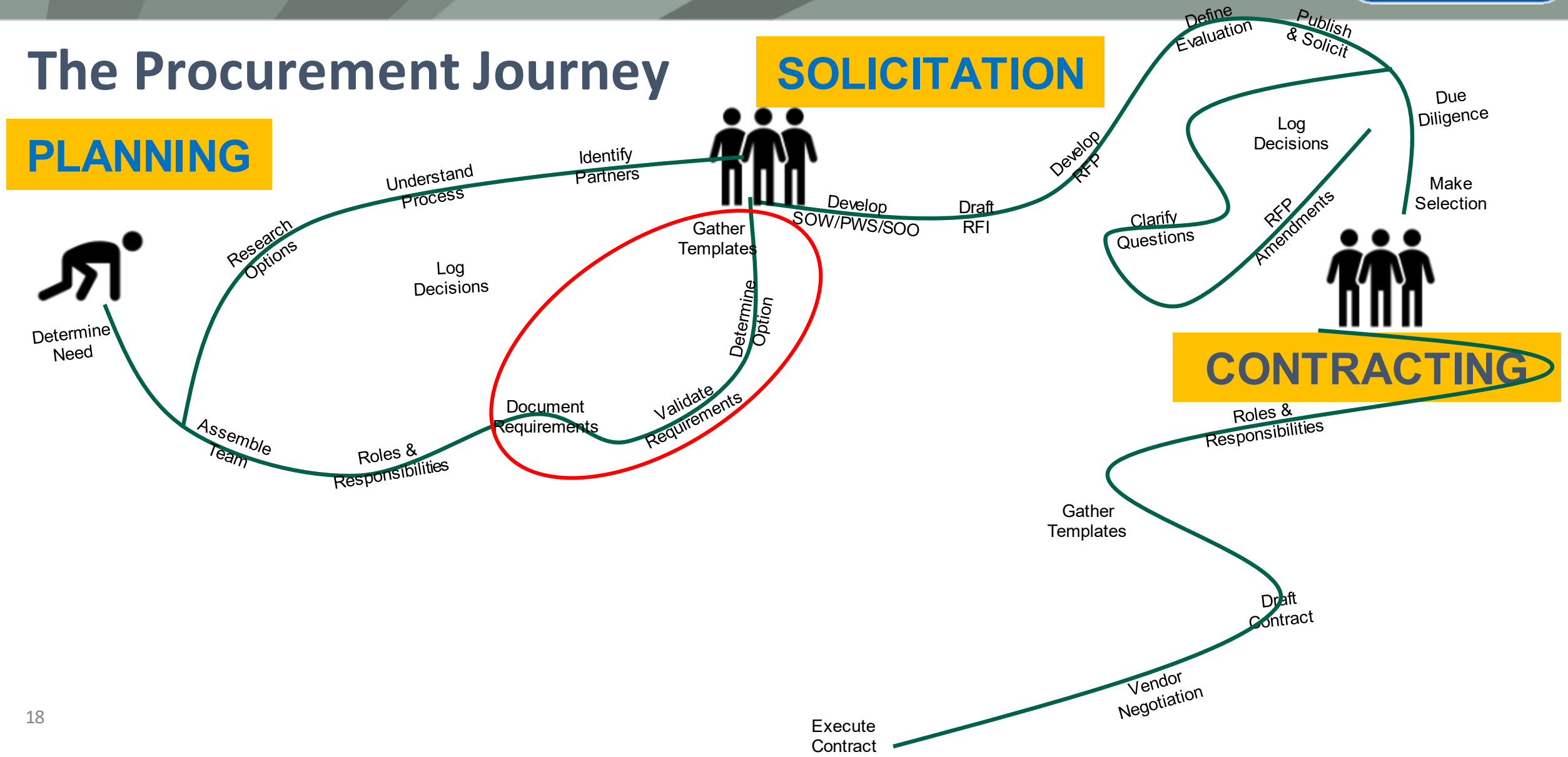
Core Team

- Tasked with the ongoing and day-to-day management of the procurement process
- May not have all of the subject matter expertise of the required goods or services to be procured
- They are or need to become the process experts in terms of managing the teams, all of the steps in the process, and how everything is documented
- May include a representative of the procurement office

Extended Team

- Content expertise needed at various points in the procurement process
- Expertise available through the extended team helps ensure the system and/or support services being procured are well-fitted to the needs of the immunization program
- The type of expertise needed will depend in large part on the nature of the procurement

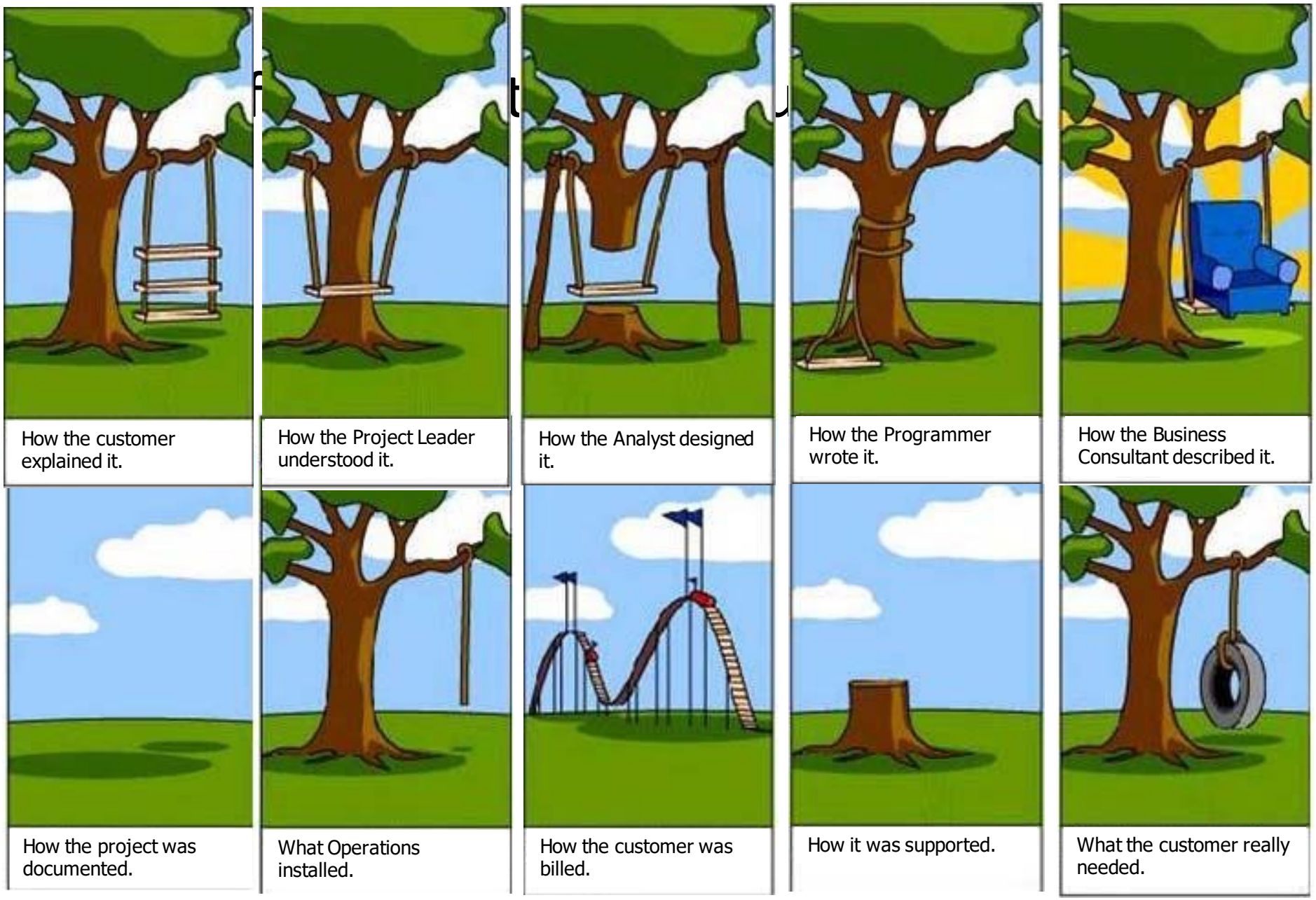
The Procurement Journey



Key Points - Requirements

- Labor and time intensive phase of procurement, but crucial
- Objective - detailed documentation of business requirements to support procurement progress
- Requirements Development
  - Business Process Analysis – How do we do our work now?
  - Business Process Redesign – How should we do our work?
  - Requirements Definition - Define specific tasks, functionality, capability, challenges and rules
- May involve staff across the program, department and other agencies
- Should start well in advance of issuing a RFP

Requirements Collection



Requirements Collection - Guidelines

- Requirements should be described in a way that is independent of technology and or applications.
- Requirements should be clear and concise, so that all workgroup participants can understand them.
- Requirements should be measurable for evaluation (testing) purposes.

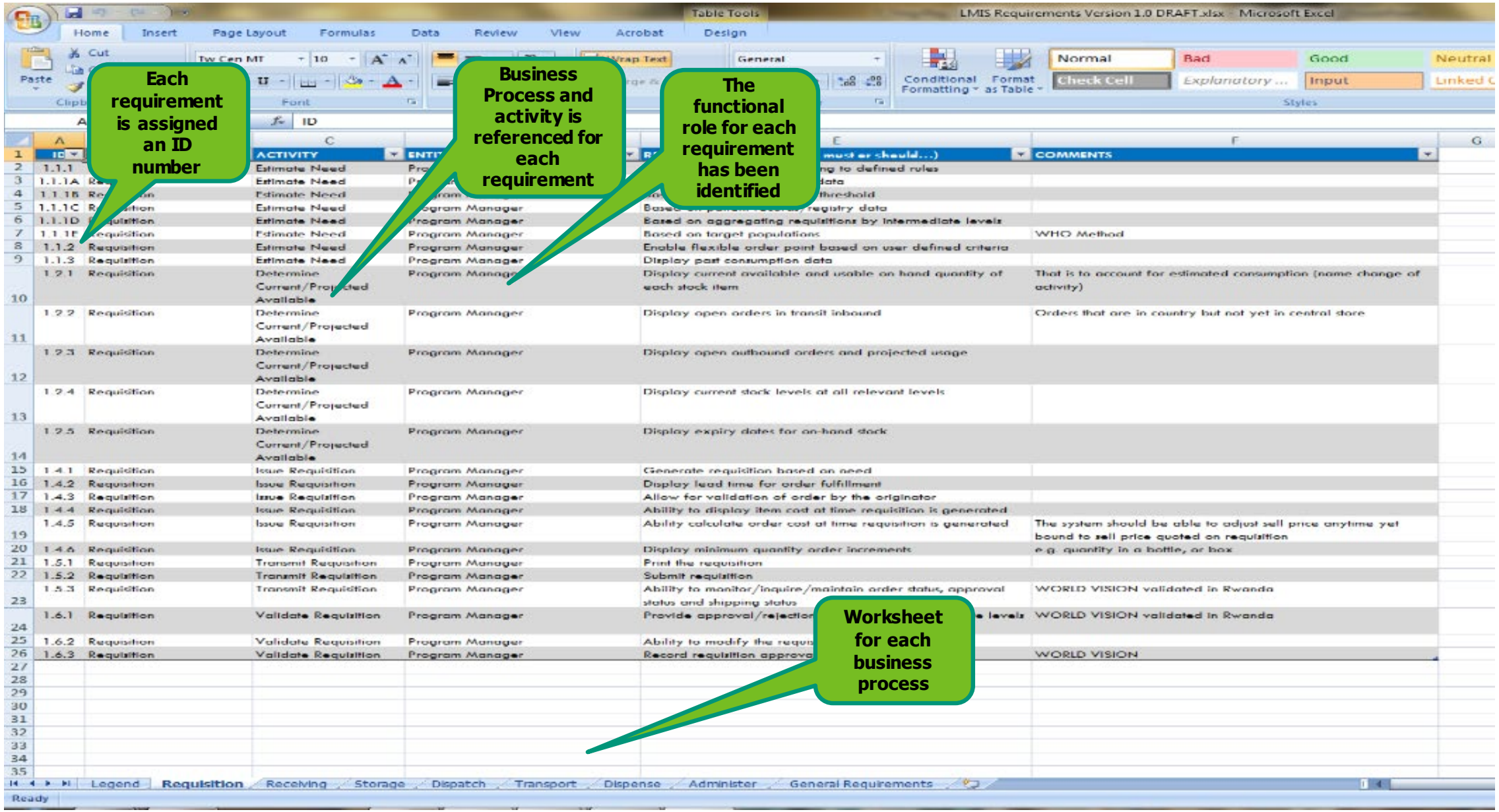
Requirements Collection – Getting Started

- Do we have our requirements well defined and documented?
  - Have we reviewed any of our own prior requirements documentation?
  - Have we asked CDC, AIRA or other jurisdictions for samples?
  - Does our jurisdiction have a specific format we must use for our requirements?
  - Does our intended procurement process have a specific format or template we must use for documenting our requirements?
  - Who on the core or extended teams would ideally be involved in requirements gathering? In validating the draft requirements?

Critical Considerations

- Clearly defined requirements, particularly those that are unique to your jurisdiction are indispensable to achieving your programmatic goals.
- Note whether specific requirements are mandatory or optional/"nice to have" in the document.
- A skilled business analyst can be indispensable in facilitating the requirements process.
- Be careful not to adopt another jurisdiction's requirements without thorough review.
- Be sure your articulation of requirements matches the style of services you wish to acquire using a waterfall or agile development approach.

Requirements Tracking Spreadsheet



ID		ACTIVITY	ENTITY	R	must or should...)	COMMENTS
1.1.1		Estimate Need	Pro		ng to defined rules	
1.1.1A	Re	Estimate Need	P		data	
1.1.1B	Re	Estimate Need			threshold	
1.1.1C	R	Estimate Need	ogram Manager		registry data	
1.1.1D	quisition	Estimate Need	Program Manager		Based on aggregating requisitions by intermediate levels	
1.1.1E	equisition	Estimate Need	Program Manager		Based on target populations	WHO Method
1.1.2	Requisition	Estimate Need	Program Manager		Enable flexible order point based on user defined criteria	
1.1.3	Requisition	Estimate Need	Program Manager		Display past consumption data	
1.2.1	Requisition	Determine Current/Projected Available	Program Manager		Display current available and usable on hand quantity of each stock item	That is to account for estimated consumption (name change of activity)
1.2.2	Requisition	Determine Current/Projected Available	Program Manager		Display open orders in transit inbound	Orders that are in country but not yet in central store
1.2.3	Requisition	Determine Current/Projected Available	Program Manager		Display open outbound orders and projected usage	
1.2.4	Requisition	Determine Current/Projected Available	Program Manager		Display current stock levels at all relevant levels	
1.2.5	Requisition	Determine Current/Projected Available	Program Manager		Display expiry dates for on-hand stock	
1.4.1	Requisition	Issue Requisition	Program Manager		Generate requisition based on need	
1.4.2	Requisition	Issue Requisition	Program Manager		Display lead time for order fulfillment	
1.4.3	Requisition	Issue Requisition	Program Manager		Allow for validation of order by the originator	
1.4.4	Requisition	Issue Requisition	Program Manager		Ability to display item cost at time requisition is generated	
1.4.5	Requisition	Issue Requisition	Program Manager		Ability calculate order cost at time requisition is generated	The system should be able to adjust sell price anytime yet bound to sell price quoted on requisition
1.4.6	Requisition	Issue Requisition	Program Manager		Display minimum quantity order increments	e.g. quantity in a bottle, or box
1.5.1	Requisition	Transmit Requisition	Program Manager		Print the requisition	
1.5.2	Requisition	Transmit Requisition	Program Manager		Submit requisition	
1.5.3	Requisition	Transmit Requisition	Program Manager		Ability to monitor/inquire/maintain order status, approval status and shipping status	WORLD VISION validated in Rwanda
1.6.1	Requisition	Validate Requisition	Program Manager		Provide approval/rejection e levels	WORLD VISION validated in Rwanda
1.6.2	Requisition	Validate Requisition	Program Manager		Ability to modify the requi	
1.6.3	Requisition	Validate Requisition	Program Manager		Record requisition approva	WORLD VISION

Benefits of High-Quality Requirements

- Higher return on technology investments.
- Faster reaction to changing business situation.
- Decreased frustration and stress for all involved.
- Reduced misunderstanding in communication.
- Fewer unneeded features.

Activity: Requirements Collection

Sample Requirement #1: “The IIS shall have indicators for client status in accordance with AIRA/MIROW MOGE business rules and <state>-specific business rules that can be selected by the user entering data. Statuses must include: Active, Inactive-MOGE, Inactive- other, One Time Only, and Deceased. All statuses are organization-specific, except for deceased, which is client-specific. Default status should be Active, but user must be able to overwrite status by selecting a different status from a drop-down menu. Status does not affect user’s ability to view or print immunization record.”

Questions:

- *In what way(s) is the example requirement strong?*
- *Where might be it be unclear to a responder?*
- *How would you improve it?*

Activity: Requirements Collection

Sample Requirement #2: “IIS will produce a separate forecast based on school/child care requirements.”

Questions:

- *In what way(s) is the example requirement strong?*
- *Where might be it be unclear to a responder?*
- *How would you improve it?*

Activity: Requirements Collection

Sample Requirement #3: “The System shall have the capability to send a notification/alert/notices systematically and manually to the appropriate internal member as and when required by the workflow.”

Questions:

- *In what way(s) is the example requirement strong?*
- *Where might be it be unclear to a responder?*
- *How would you improve it?*

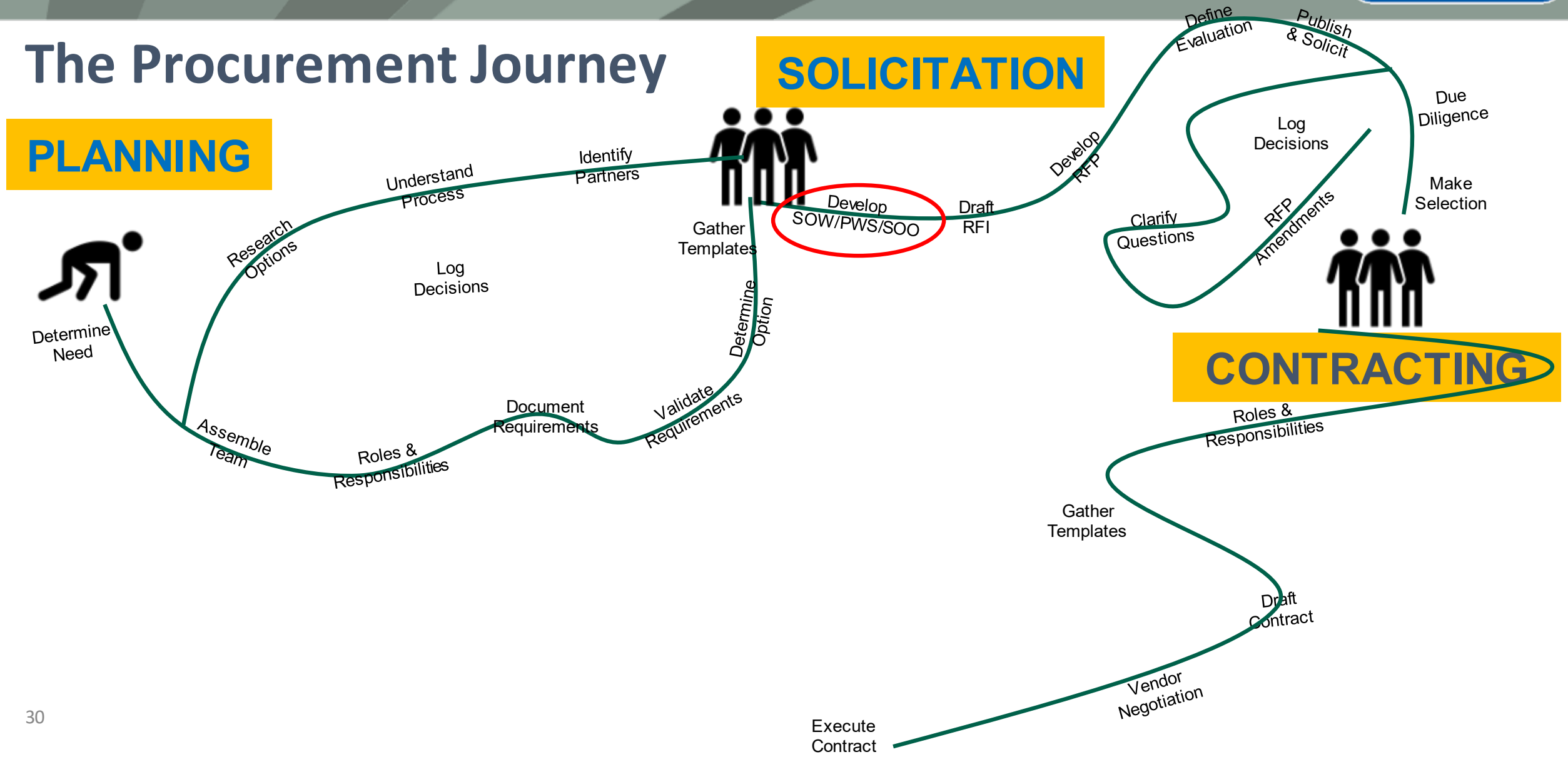
Activity: Requirements Collection

Sample Requirement #4: “The System must validate and invalidate all doses.”

Questions:

- *In what way(s) is the example requirement strong?*
- *Where might be it be unclear to a responder?*
- *How would you improve it?*

The Procurement Journey



Key Points – Service Needs/Expectations

- Performance Work Statement (PWS), Statement of Work (SOW) or Statement of Objectives (SOO) is the centerpiece of a procurement.
- Your needs drive what is being solicited in an RFP and the scope, services and deliverables of the contract.
- Defines criteria for acceptance of any deliverables.
- Defines your responsibilities and those of your contractor.
- Requires significant attention, thought and time.
- Learn early on (Planning) what templates and/or boilerplate language to use.

SOO, PWS and SOW

- Statement of Objectives
  - Focuses on overall objectives.
  - Least prescriptive, encouraging maximum flexibility in solution offered.
- Performance Work Statement
  - Description of requirements - greater emphasis on what to be done (not how).
  - Best used when project is well defined but want some flexibility.
- Statement of Work
  - Detailed description of what specifically is to be accomplished by the vendor.
  - More prescriptive in how to do the work.

Helpful Hints

- Some common mistakes made in procurements include:
  - Assuming the selected bidder will perform tasks not specified in the SOW.
  - Assuming the program will have direct access to the data for data cleansing or other purposes.
  - Over-specification of either tasks or timelines by a program.
- Statements of work are customarily structured in outline format so the various components can be clearly referenced by bidders when they communicate with you ("In section III.C.1 you say that…").

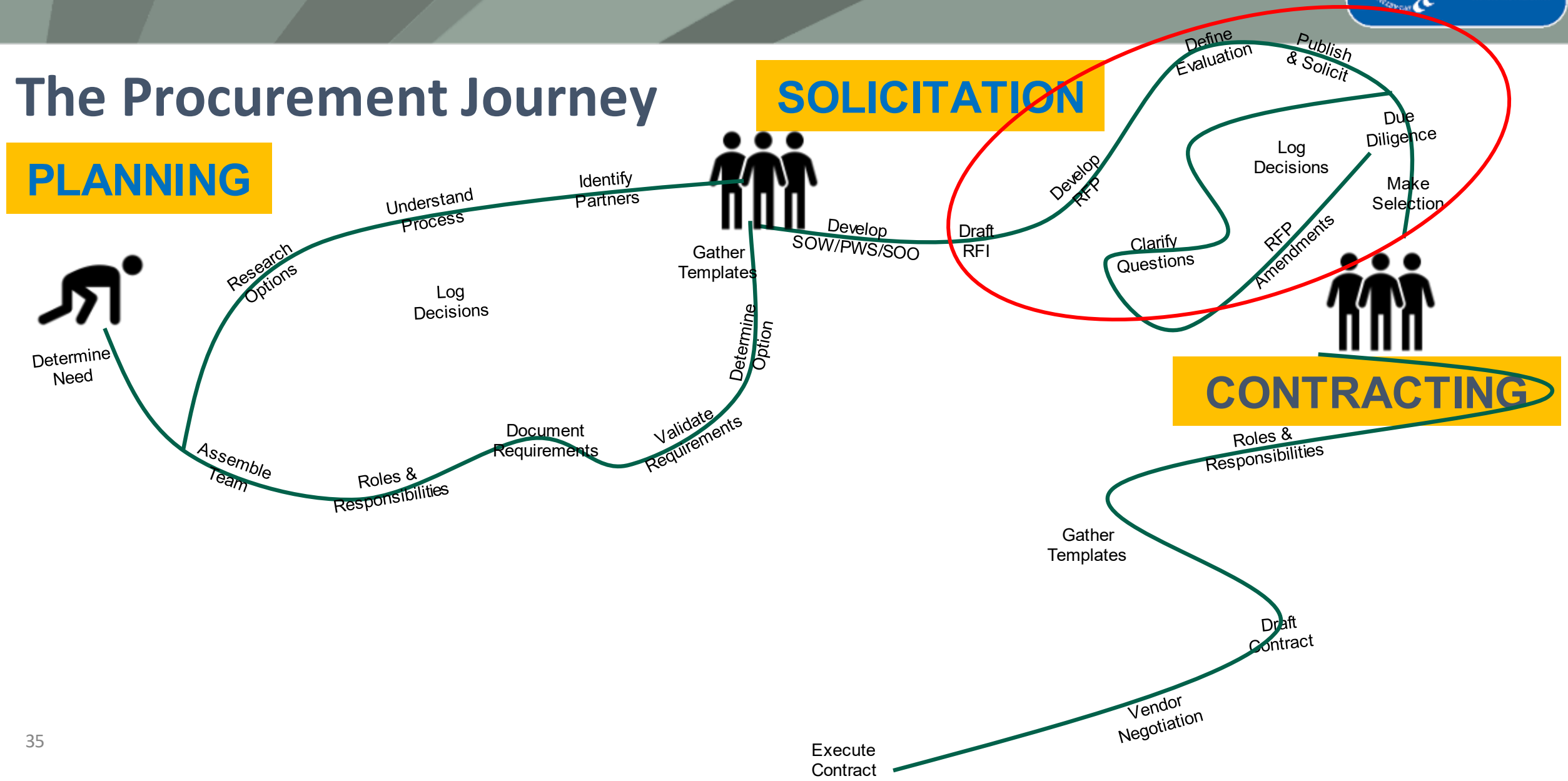
Activity: Which Statement Type to Use?

Scenario #2: State regulations require that a procurement be initiated every 5 years regardless of whether the DOH or their stakeholders are comfortable with the vendor/product. It is coming up to the 5-year mark, so the State is planning for their required RFP. They and their stakeholders are satisfied with their current system and do not see any critical need to change what they have. However, they think that the RFP process affords them the opportunity to see what else is available in terms of features and functionality. They would like to streamline their processes and make them more efficient for onboarding providers and consumer access. They would also like to meet all the current CDC Functional Standards by 2023. Their question is whether they should stipulate exactly what they need and currently have in terms of features and services, which may stop bidders from submitting a proposal or simply indicate their preferences allowing bidders to describe their product offering and services to meet the State's preferences.

Considerations:

1. Are we looking to replace what we have?
2. Are we open to enhancing or updating our current system? Would we be able to undertake a migration to another solution vendor/product?
3. Are we looking to stay with our current solution vendor and simply need ongoing maintenance support to comply with the RFP regulation?

The Procurement Journey



Public Solicitations

- Request for Proposal/Request for Bids
- Request for Quotes
- Request for Information

Solicitation Types

- Competitive Bid
- Selective Bid
- Single (Sole) Source

Key Points – Request for Proposals

- Requests for proposals generally consist of:
  - Administrative/procedural information
  - "Programmatic" information
- Your jurisdiction is likely to have a template and boilerplate language that you will be encouraged or required to use, at least as a starting place.
  - Procuring IT products versus IT services may require a different RFP template and boilerplate language.
- All the information needed for respondents should be included in the RFP.

Final Check – Bringing It All Together in the RFP

- Have you verified that there are no conflicts between boilerplate and specific language in the RFP?
- Have you verified that any links to reference documents work?
- Have you verified that the RFP provides sufficient information for the bidders to satisfy the evaluation/scoring criteria?
- Are you including a proposal document checklist to aid bidders in ensuring they are submitting a complete package? If so, has the checklist been validated by the procurement office?

RFP Publication

- As with most other aspects of a procurement, your jurisdiction will likely have very specific rules governing the publication of the solicitation, including:
  - Where it is posted and by whom
  - Whether you can directly notify prospective bidders, etc.
  - How questions are vetted and responded to

Questions to ask:

- ✔ Are there any restrictions or procedures for alerting prospective bidders?
- ✔ Can the RFP (or at least any required tables or forms) be released in MS Word format to facilitate bidder responses?

Responding to Bidder Questions

- Pre-proposal conference, if applicable:
  - Process established for responding promptly to verbal bidder questions?
  - Process scheduled early enough to be helpful to bidders in crafting their proposals?
- Process established for responding promptly to written bidder questions?
- Different requirements required for oral vs. written comments?
- Deadline for submission and schedule for responding clearly stated?

Making a Selection – Reviewing and Scoring

- Evaluation criteria can be daunting and even confusing.
- It is useful to invite reviewers from outside your program to help ensure an objective review and scoring of bids.

Questions to ask:

- ✔ Have you developed clear instructions for reviewers?
- ✔ Have you developed score sheets that match the criteria and other information from the RFP?
- ✔ Have you established a tone of objectivity and non-bias for the review process and the reviewers?

Activity: Putting it all together in a RFP

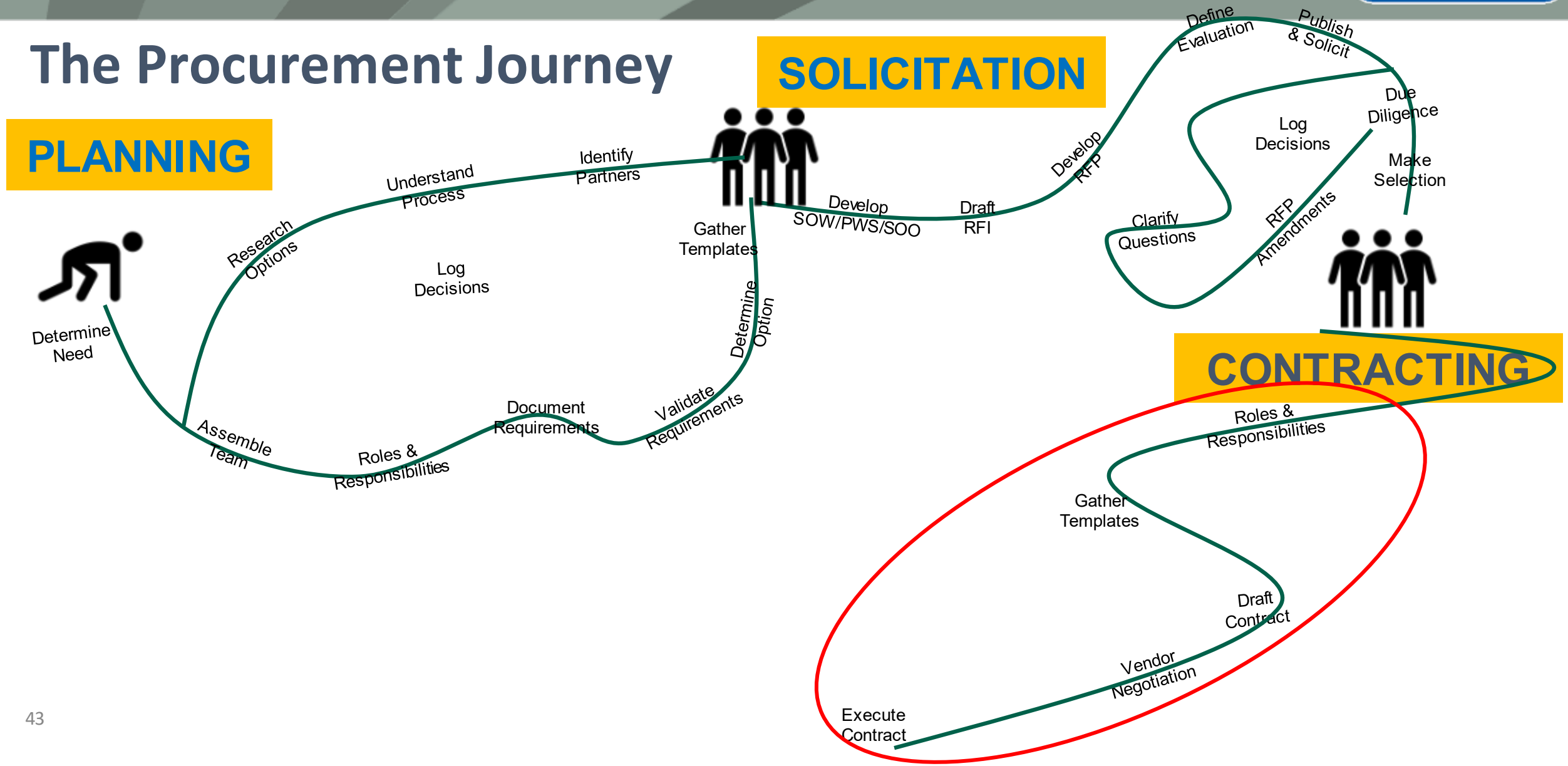
Discuss Scenario #3: The Immunization Program thought they did everything right. They drafted a RFP and selected a vendor with a product that *seemed* to meet all their documented needs, at least on paper. However, after signing the contract, and purchasing and testing the product, they determined that it was not what they expected or wanted. As they consider their options...

Questions:

1. What steps would you recommend the Program take immediately?
2. What might some longer-term actions be for the Program to consider?

Discuss your thoughts with the larger group

The Procurement Journey



Key Points - Contracting

- Final and ongoing phase of any procurement
  - Drafting the Contract
  - Vendor Negotiation
  - Executing the Contract
- Fully understand all contract provisions and all the steps to create and approve - legal document.
- Clear and concise project definition (SOW, PWS or SOO) is the foundation for effective contract negotiation and ongoing vendor management.
- Provisions on penalties for non-performance clearly stated.

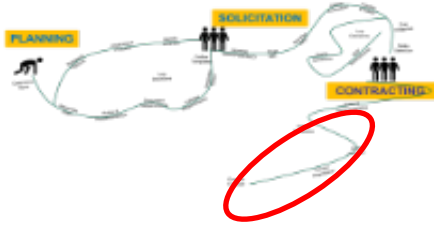
Contract Styles for Services

Different types of contracts for services available depending on the needs of the government agency and the project. Typically, services contracts are one of several styles:

- **Deliverables-based:** The agency defines a set of clearly articulated tasks and contracts for their completion by the contractor who is paid a *fixed price* regardless of the level of effort required.
- **Hourly services/time and materials:** The agency defines a set of tasks but pays the contractor on an *hourly basis* for work performed to complete those tasks.
- **"By the piece":** Some activities are so routinized that pricing for their completion can be effectively estimated "by the piece."

Considerations

- Discuss concerns regarding contract provisions early with procurement staff.
- It's not helpful to have a detailed SOW in the RFP, only to craft a "loose" and vague contract.
- All relevant terms and conditions for the contract should be included within the document (the "four corners" principle).
- Provisions related to penalties should be realistic and achievable.



Considerations (continued)

- If you are procuring a new system, allow for a transition period.
- If possible, renewals or “option years,” are included, be sure to establish your own tickler system for when to begin the renewal process.
- Schedule periodic meetings with leadership on both the program and vendor side to discuss progress, risks, what is going well, what could be improved, etc.

Activity: Contracting Phase

Common Procurement Pitfalls Worksheet

Take a few minutes at your tables to respond to the worksheet.

Let’s review the answers in the larger group.

Wrap-up: Procurement Helpful Hints

- Common procurement mistakes include:
  - Assuming the selected bidder will perform tasks not specified in the SOW.
  - Assuming the program will have direct access to the data for data cleansing or other purposes.
  - Over-specification of either tasks or timelines by a program.
  - Not structuring statements of work in outline format for easy reference ("In section III.C.1 you say that…").
  - Not performing due diligence of viable products/partners that meet your needs

Contributions

We would like to thank the following individuals for their support and assistance in developing this content:

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Questions/Comments/Discussion?

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APPENDIX

Project Governance – Other Offices, Departments, Agencies

- Depending upon the size/scope of your procurement, and perhaps the funding source, others outside of the health department may need to be involved, such as:
  - Central IT
  - Legal
  - Medicaid
  - Project Management Office
- Clearly identifying why they need to be involved and what their roles are is important to the overall success of the procurement

Project Governance

- IIS Leadership Role (prospective)
- Executive Sponsor
- Project lead
- Author, Reviewer, SME, Approver, Evaluator
- Project Manager
- Business Analyst
- Change Management/Communication

Request for Information

- A means to collect information on the capabilities or services of suppliers/contractors/vendors.
- Primarily used when not enough information is known about what's available to craft a meaningful RFP.

Questions to ask:

- ✔ Is there information we want from prospective bidders/vendors *before* we prepare and release an RFP?
- ✔ Is there a required template for an RFI?
- ✔ Who needs to be involved in drafting an RFI?
- ✔ What are the policies and rules that govern requests for information?
  - ✔ Who is authorized to respond to questions?
  - ✔ Must responses be made available to all interested parties? Published?

Typical Sections in a Solicitation

I. **Background and Need**: Provides a high-level overview of the context for the procurement, including information on your IIS program

II. **Procurement Objectives**: Brief and concrete statement of what you want achieved, including the desired benefits to your program.

III. **Scope of Work**: Describes the services from the perspective of the bidder; that is, what is it you need the bidder to do, both at a fairly high level and in terms of major activities

IV. **Technical requirements** (primarily for software procurements): Defines the functional and non-functional (e.g., security, usability, scalability) requirements for the system

Typical Sections in a Solicitation (continued)

V. **Services to be delivered/contractor performance requirements:** Specifies the tasks you want the contractor to perform and services to be delivered.

VI. **Hosting Requirements:** Specifies any requirements for hosting the IIS, with vendor or "in the cloud."

VII. **Schedule:** Provides the timeframes within which the services and deliverables are provided.

VIII. **Reporting:** Specifies *how* and *when* you want the successful bidder to report both progress on the requirements or deliverables and on expenditures.

IX. **Other of Special Considerations**

X. **Attachments/References/ Appendices**

Sample – Administrative & Procedural Content

- Introductory background on the procurement
- Terms of the agreement
- Rules governing the competition
- Format of the proposal
- How to submit proposals
- Selection process/criteria
- Process for product demonstrations
- Bidder qualifications and references
- Any special terms and conditions, often unique to the jurisdiction's laws or policies

Sample Programmatic Sections

- Background on the system
- Statement of need
- Statement of work/performance work statement
- Functional, technical and other requirements
- Required/desired qualifications/skill sets of contractor staff
- Contractor project management requirements
- Terms and definitions

Considerations – Programmatic Information

- Knowing when to be specific and when to allow the bidders to propose solutions.
- Consider carefully before specifying contractor support in terms of full- time equivalents (FTE).
- Including a RASCI chart (responsible-accountable-supports-consulted-informed) that lists the level of responsibility for key responsibility areas.