

PROCUREMENT INFORMATION MEMORANDUM

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Subject: Purchasing of Software Related to STAR Functionality

I. Scope

The State Transforming Agency Resources (STAR) Project will implement a suite of PeopleSoft ERP software to replace the State's 140+ IT systems into one comprehensive system (hereinafter referred to as the "STAR System"). This system will include approximately thirty (30) functional modules and is more efficient and cost-effective than having each agency that is included in the STAR Project (excludes UW System campuses) purchase, maintain and support its own administrative systems.

In order to optimize the investment in the STAR System, it is important for the State to ensure that agencies are not purchasing other software that overlaps, conflicts with or is related to in-scope PeopleSoft functionality, or creates multiple data repositories.

To mitigate the risk and additional cost of purchasing duplicate systems, DOA has implemented changes to the approval process agencies currently use to acquire software at all dollar amounts. This policy impacts the following procurement activities:

1. Purchases by RFP, RFB using Procurement Plans
2. Purchases by waiver or use of another entity's contract using Requests for Procurement Authority (RPA)
3. Purchases by the Statewide Software Contract #505ENT-M16-VARSOFTWARE-00, Simplified Bidding and Best Judgment

See the Additional Reference Material for more information.

Additional Reference Material:

- DOA Policy Memorandum: Software Purchasing and the STAR Project (Dated September 1, 2015)
- Approval Process and Procedure for Software Purchases (All Amounts) (Dated August 7, 2015)
- DOA-3046A: Request for Procurement Authority Checklist (Rev 7/2016)
- DOA-3720: Procurement Plan (Rev 7/2016)
- DOA-3044: Collective Purchasing Data Form (Rev 7/2016)
- DOA-3831: STAR Piggybacking Request Form (Rev 7/2016)

POLICY MEMORANDUM

Subject: SOFTWARE PURCHASING AND THE STAR PROJECT

I. Reference:

Wis. Stats. § 16.71 (1m) and 16.971 (2)

II. Scope:

The State Transforming Agency Resources (STAR) Project will implement a suite of PeopleSoft ERP software to replace the State's 140+ IT systems into one comprehensive system (hereinafter referred to as the "STAR System"). This system will include approximately thirty (30) functional modules and is more efficient and cost-effective than having each agency that is included in the STAR Project (excludes UW System campuses) purchase, maintain and support its own administrative systems.

In order to optimize the investment in the STAR System, it is important for the State to ensure that agencies are not purchasing other software that overlaps, conflicts with or is related to in-scope PeopleSoft functionality, or creates multiple data repositories. Ideally when an agency has a need for a new tool that is related to the in-scope functional modules of the STAR System, all stakeholders will engage in a discussion of that need prior to the agency taking actions to purchase.

To mitigate the risk and additional cost of purchasing duplicate systems, DOA will implement changes to the approval process agencies currently use to acquire software at all dollar amounts.

III. Procedure for Agencies Seeking Approval:

1. Purchases by RFP, RFB using Procurement Plans

Complete a modified procurement plan form and include additional justification for software purchases, following a review of the list of 30 functional modules of the STAR System.

2. Purchases by waiver or use of another entity's contract using Requests for Procurement Authority (RPA)

Complete a modified RPA checklist form and include additional justification for software purchases, following a review of the list of 30 functional modules of the STAR System.

3. Purchases by the Statewide Software Contract #505ENT-M16-VARSOFTWARE-00, Simplified Bidding and Best Judgment

A new form will be created by the DOA, Division of Enterprise Technology which will require the agency to seek approval for software purchases in all amounts and a justification for the purchase(s) when the agency has determined that the purchase overlaps, conflicts or is related to functionality provided within the 30 functional modules of the STAR System.

IV. Approval and Appellate Process

The approval process for procurement plans and RPAs will remain largely unchanged except the STAR Project (and its successor STAR support organization) will review, and be consulted on the approval of, all requests related to software.

For the approval of purchases made using the state software contract, simplified bidding, and best judgment, all requests will be distributed to and reviewed simultaneously by the Bureau of Procurement, DET and STAR. Approval will be subject to a five (5) business day passive review.

The goal of this process is to work collaboratively with all agencies to better understand their business needs for various software tools, while protecting the investment in the STAR System, so ideally all requests will be resolved with mutual agreement. However, if any request is denied, agencies have the right to appeal the decision to the STAR Decision Council and ultimately ITESC if needed.

Attachment: Approval Process and Procedure for Software Purchases (All Amounts)

Approval Process and Procedure for Software Purchases (All Amounts)

Background

In order to optimize the investment in the STAR System, it is important for the State to ensure that agencies are not purchasing other software that overlaps or conflicts with in-scope PeopleSoft ERP functionality, or creates multiple data repositories. In a support role to the leadership of the DOA, Division of Enterprise Technology and the STAR project (and successor STAR support organization), the State Bureau of Procurement (Bureau) will assist with this effort.

There are a number of controls currently in place that can be modified to protect this investment, and some that do not exist that may need to be implemented to mitigate purchasing duplicate systems.

Scope

Specifically, purchases of software with the following functionality will require review:

Finance	Procurement	HR/Payroll/Benefits
<ul style="list-style-type: none">➤ General Ledger➤ Accounts Receivable➤ Billing➤ Accounts Payable➤ Contracts➤ Projects➤ Grants➤ Expenses➤ Cash Management➤ Asset Mgmt➤ Real Estate Mgmt➤ Maintenance Mgmt➤ Program Mgmt	<ul style="list-style-type: none">➤ Purchasing➤ eProcurement➤ eSupplier Connection➤ Strategic Sourcing➤ Supplier Contract Management➤ Inventory	<ul style="list-style-type: none">➤ HR➤ Payroll➤ Base Benefits➤ ePay➤ Absence Mgmt➤ Time & Labor➤ Benefits Admin➤ eBenefits➤ eProfile➤ ePerformance➤ Ent Learning Mgmt

Agencies will review this list and identify, for all types of purchases (1-4 below), if there is a conflict, overlap, or relation to in-scope STAR modules.

This policy **will not** apply to the following ("Exempted Software"):

- 1) Software that is currently an enterprise standard and has no relation to STAR modules (e.g. Adobe, Microsoft Office, etc). DET will be responsible for publishing and maintaining this list.
- 2) Software that is specific to a core business function of an agency and has no relation to STAR modules (e.g. DNA analysis software for DOJ crime labs; incident tracking systems for emergency responders for DMA, etc). These systems may be identified on the Annual Governor's Software Maintenance Waiver and delegated agencies' internal waiver lists. Agencies will be responsible for providing these lists to the Bureau. The Bureau will be responsible for providing the list to DET for validation and to publish.

3) Software purchases that are related to STAR in whole or in part, but are approved to proceed under any of the purchasing channels listed below. Approved purchases will be added to the published list of Exempted Software. DET will be responsible for publishing and maintaining this list.

4) Maintenance and support payments for Exempted Software.

Recommendations

1. Purchases by RFP, RFB that require an approved Procurement Plan

Agencies must submit procurement plans when they intend to use certain procurement methods:

1. Request for Proposal (RFP) over \$50,000
2. Request for Bid (RFB) over \$50,000 for services only
3. Cooperative purchasing with other agencies or governmental entities over \$50,000
4. Intergovernmental procurements over \$50,000

The Bureau's primary concern is to ensure that the appropriate procurement method is used and that, where applicable, similar needs across agencies can be leveraged together.

All IT-related procurement plans from agencies (not UW campuses) are currently reviewed by both the Bureau and by DET. The Bureau relies on DET to review procurement plans for any technical issues or conflicts with strategic IT goals.

Use of a procurement plan is one method to ensure that agencies do not purchase software that might be in conflict with the 30 functional modules in-scope of the STAR System.

Bureau Action

- Modify the procurement plan form to add a reference to STAR System functions, a field for the name of the agency IT resource that has validated that they are not purchasing something in conflict or overlapping with the STAR System, and if they are, a field for additional justification as to why.
- Reiterate among the agency procurement directors at IPC (Interagency Procurement Council) that RFPs, RFBs and other applicable procurement actions cannot take place until the procurement plan is approved.

DET and STAR Action

- Commit a resource to reviewing procurement plans for any conflicts with the STAR System and serve as a point of contact for agencies with questions about any conflicts or overlapping functionality. Specifically, the STAR Project Director (and equivalent title of the successor STAR support organization) will be added as a third recipient of procurement plans from agencies to review for any conflict or relation to STAR System functionality.

Approval Process

The procurement plan will be reviewed simultaneously by the Bureau of Procurement and DET (current process) and the appropriate subject matter expert (SME) in STAR to determine if there is a conflict or overlap.

The STAR SME will make recommendations based on an analysis of the request and either approve or deny. If the request is denied, the agency can appeal to the STAR Decision Council.

The STAR Decision Council will review the request and determine the action to take. If the request is denied, the agency can appeal to the ITESC for a final determination.

All requests with a connection to the STAR System, whether approved or denied, will be reported by DET and/or STAR staff to the Decision Council and ITESC on a frequency that is to be determined.

2. Approved RPA purchases by waiver or use of another entity's contract

An agency must submit a Request for Procurement Authority (RPA) when they intend to use certain procurement methods:

1. Sole Source Waiver over \$25,000
2. General Waivers over \$25,000
3. Motor vehicles (all dollar amounts)
4. Legal services (all dollar amounts)

The Bureau's primary concern is ensuring the appropriate procurement method is being used and that the justification for the purchase is sufficient.

All IT-related RPAs for all agencies, including UW campuses, are currently reviewed by the Bureau, DET, DOA Secretary's Office and ultimately approved by the Governor. The Bureau relies on DET to review procurement plans for any technical issues or conflicts with strategic IT goals.

The RPA process is one method to ensure that agencies do not purchase software that might be in conflict with the 30 functional modules in-scope of the STAR System.

Bureau Action

- Communicate to the IPC agencies (excluding UW) that all IT-related RPAs will now require an explanation of whether the procurement has any relation to or conflict with the STAR System.
- A field can be added to Governor's Case Letters for IT-related RPAs, designating whether the request has any relation to the STAR System.

DET and STAR Action

- Commit a resource to reviewing RPAs for any conflicts with the STAR System and serve as point of contact for agencies with questions about any conflicts or overlapping functionality. Specifically, the STAR Project Director (and equivalent title of the successor STAR support organization) will be the central point of contact and will coordinate the involvement of the applicable SMEs.

- STAR will not be an additional approval step; the approvers for DET (CIO or Director of Business Services) will be responsible for consulting with the project director and applicable SMEs for RPAs identified as STAR-related.

Approval Process

The RPA process for IT-related waivers includes nine (9) approval steps after receipt from the agency. Adding another approval layer for the STAR project (and successor STAR support organization) is not recommended. Alternatively, STAR-related RPAs be reviewed jointly at the DET approval step.

If the request is denied at the DET, the agency can appeal the decision as outlined in section #1 above.

3. Purchases by the Statewide Software Reseller Contract #505ENT-M16-VARSOFTWARE-00

Agencies must use the statewide contract for software with value added resellers when purchasing microcomputer software that does not require the purchase of professional services.

When an agency cannot source their software from resellers (e.g. must purchase directly from the publisher, etc), they may request a waiver from the use of that contract. This is the only “pre-purchase” control currently in place for the contract. All other audits or controls are done post-purchase via the review of contractor usage reports.

When the Bureau approves contract waivers, the primary focus is on whether the request is justified based on cost savings or supplier availability. The Bureau does not question the technical business needs of the agency.

Bureau Action

- Share any post-purchase spend data with DET upon request to identify agency purchasing trends on the contract.
- Communicate any DET policies to the agency procurement directors that impact the use of the contract.
- Include terms in the bid for the new software contract that require the resellers to obtain approval document(s) from agencies that are attempting to purchase software in the following commodity categories:

20810 - Accounting/Financial: Bookkeeping, Billing and Invoicing, Budgeting, Payroll, Taxes, etc.

20811 - Application Software, Microcomputer

20820 - Business Software, Misc.: Agenda, Labels, Mail List, Planning, Scheduling, etc.

20863 - Personnel Software

20855 - Inventory Management

20853 - Integrated Software

20846 - E-Commerce Software (Microcomputer)

20881 - Software for Computer Software Training

20952 - Human Resources Software

20956 - Inventory Management

- Commit a Bureau resource to receive the request forms and review for any questions or objections.

DET and STAR Action

- Develop a mandatory request form (e.g. similar to the Telecommunications System Study Report (TSSR) for telecom purchasing) for agencies to complete for all software purchases (see Scope above) in all dollar amounts. The form will include a statement from an agency IT director or designee that they have reviewed the 30 functional in-scope STAR System modules and the pending purchase(s) do not conflict or overlap. If they do, the form will require a justification as to why the purchase(s) should still proceed. The form will also include the name of the agency purchasing director or designee, supporting the purchase(s).
- Commit a DET and STAR resource to review the request forms for any questions or objections.

Approval Process

The request forms will be reviewed by DET, STAR and the Bureau simultaneously. If no questions or objections are raised within five (5) business days, the agency may proceed with the purchase(s).

For emergency requests, the agency must identify the request as “rush” status along with a justification as to why the 5 day review process will not meet their needs. The request will then be prioritized accordingly.

4. Other purchases by simplified bid, best judgment or systems built custom for the agency by IT staff (State or contractor)

Where the statewide contract does not meet their software needs and there is a competitive market for software valued at under \$50,000, agencies may use a simplified bid (\$5,001-\$50,000) or best judgment (up to \$5,000) to purchase. Further, agencies may build applications using the services of IT staff (State or contractor). Such purchases/systems do not require pre-approval by the Bureau.

Due to varying levels of agency procurement delegation and the decentralization of where these activities take place, it is unlikely that DET will be able to capture this information before the implementation of the ERP and the State IT Approver role. The form developed for requesting approval to purchase software on the statewide contract (#3 above) will be used for these purchases. All actions and approval process of section 3 will also apply.