Procurement Operations and Executive Order 288

PRESENTER: SARA REDFORD

Harvest Procurement Innovation

Agenda

- Background
- Goal 1: Shared Services
- Goal 2: Spend Reduction Plans
- Goal 3: STAR Benefits Realization
- Goal 4: $150,000 IT/Consulting Purchases
- Role of IT Vendor Management Program
- General Goals, Procurement in Support

Background

- May 1, 2018 Wisconsin Executive Order 288 was published relating to the implementation of the Recommendations of the Governor's Commission on Government Reform, Efficiency and Performance
  - Scope is state agencies as defined in s. 230.03(3), Wis. Stats (not UW campuses)

- Several sections of EO 288 relate to procurement operations and the Bureau of Procurement's role in working with agencies to achieve cost containment and reduction

Goal 1: Shared Services

"Direct DOA, Division of Enterprise Operations, to identify procurement savings opportunities and enhance collaboration across State agencies by administratively reforming State procurement delegation and shared services policies."

- In 2017, SBOP started working with agencies on a shared services model called One Procurement
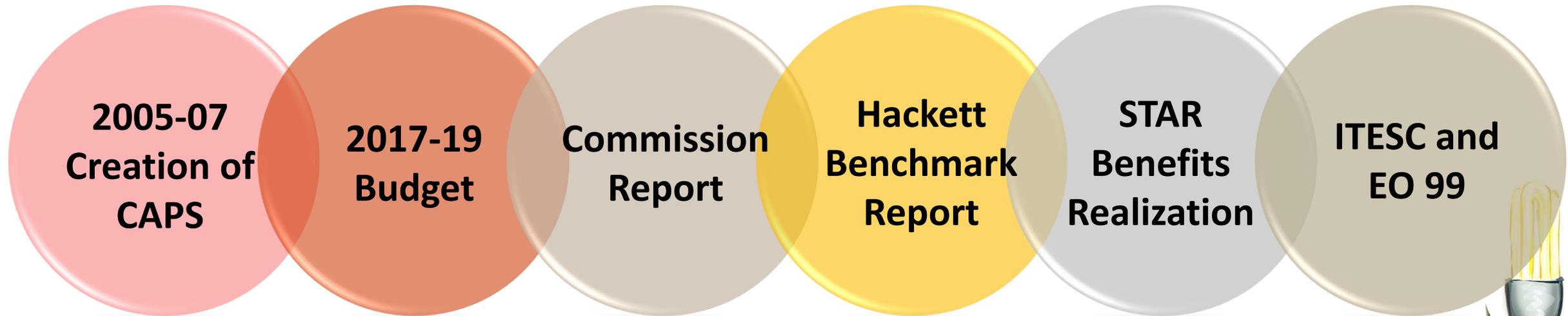
Goal 1: Shared Services

One Procurement is a long-term model and initiative intended to improve the procurement function across the enterprise to achieve savings, share resources and work better together

- Implement best practices across agencies
- Take advantage of new data from STAR to obtain savings
- Create administrative reform through delegation, collaboration
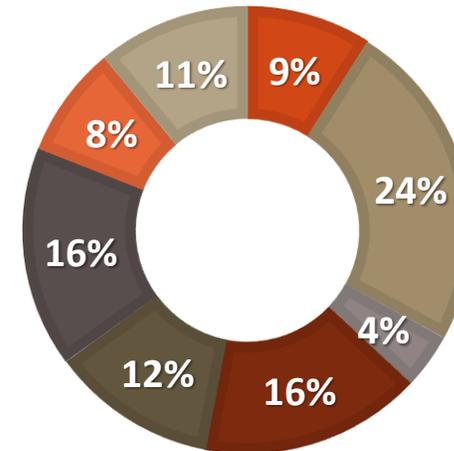
Goal 1: Shared Services

There are many drivers for this model:

2005-07 Creation of CAPS

2017-19 Budget

Commission Report

Hackett Benchmark Report

STAR Benefits Realization

ITESC and EO 99

Goal 1: Shared Services

- Kickoff meetings held with all One Proc agencies in 2017

- Over 120+ new concepts, ideas and projects identified and tied to the broader goals of One Procurement

PROJECT CATEGORIZATION

- ■ Strategic Sourcing
- ■ IT Procurement
- ■ Policy and Audit
- ■ Collaboration

- ■ Systems
- ■ Ops Reform and Efficiency
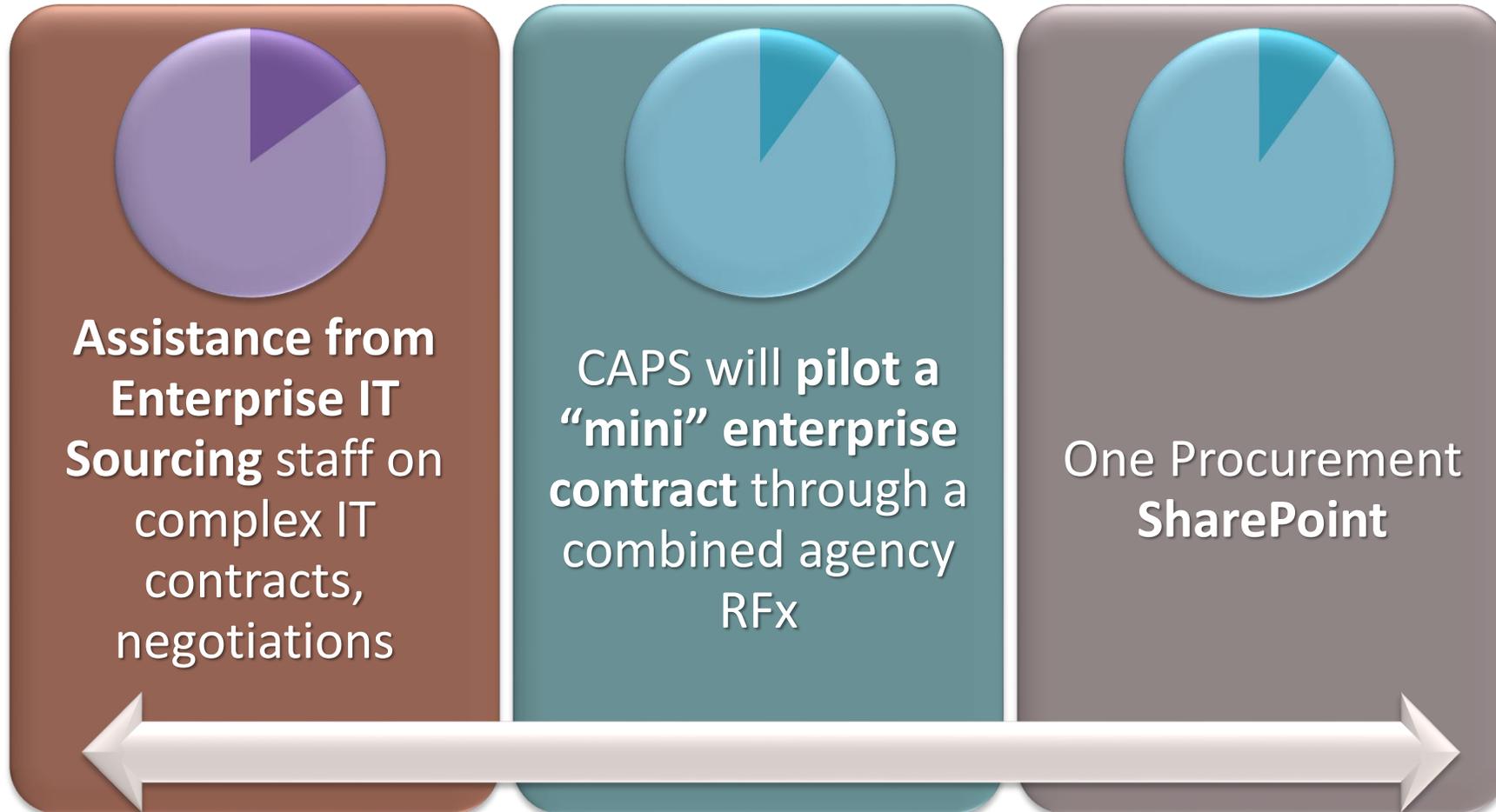- ■ Training and Certification
- ■ Resource Sharing

Goal 1: Shared Services

- Published a 2017-18 Initiative Roadmap last fall containing 17 projects

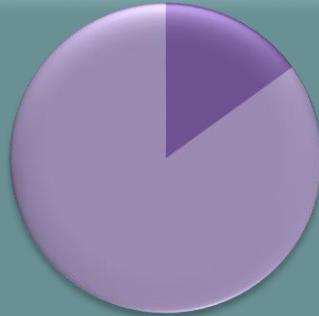- To date, progress has made or fully completed in 13 of the 17 projects

Goal 1: Shared Services

Assistance from Enterprise IT Sourcing staff on complex IT contracts, negotiations

CAPS will **pilot a "mini" enterprise contract** through a combined agency RFx

One Procurement **SharePoint**

One Procurement
Collaboration & Professional Development

Goal 1: Shared Services

Refresh the RFP class in a workshop style

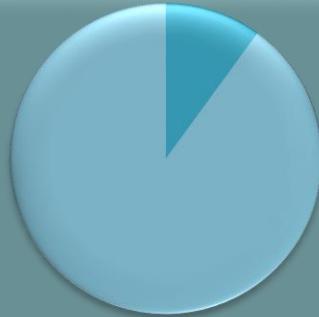**Share NASPO training** resources wherever possible

Review classes to move **intro material online/on-demand**

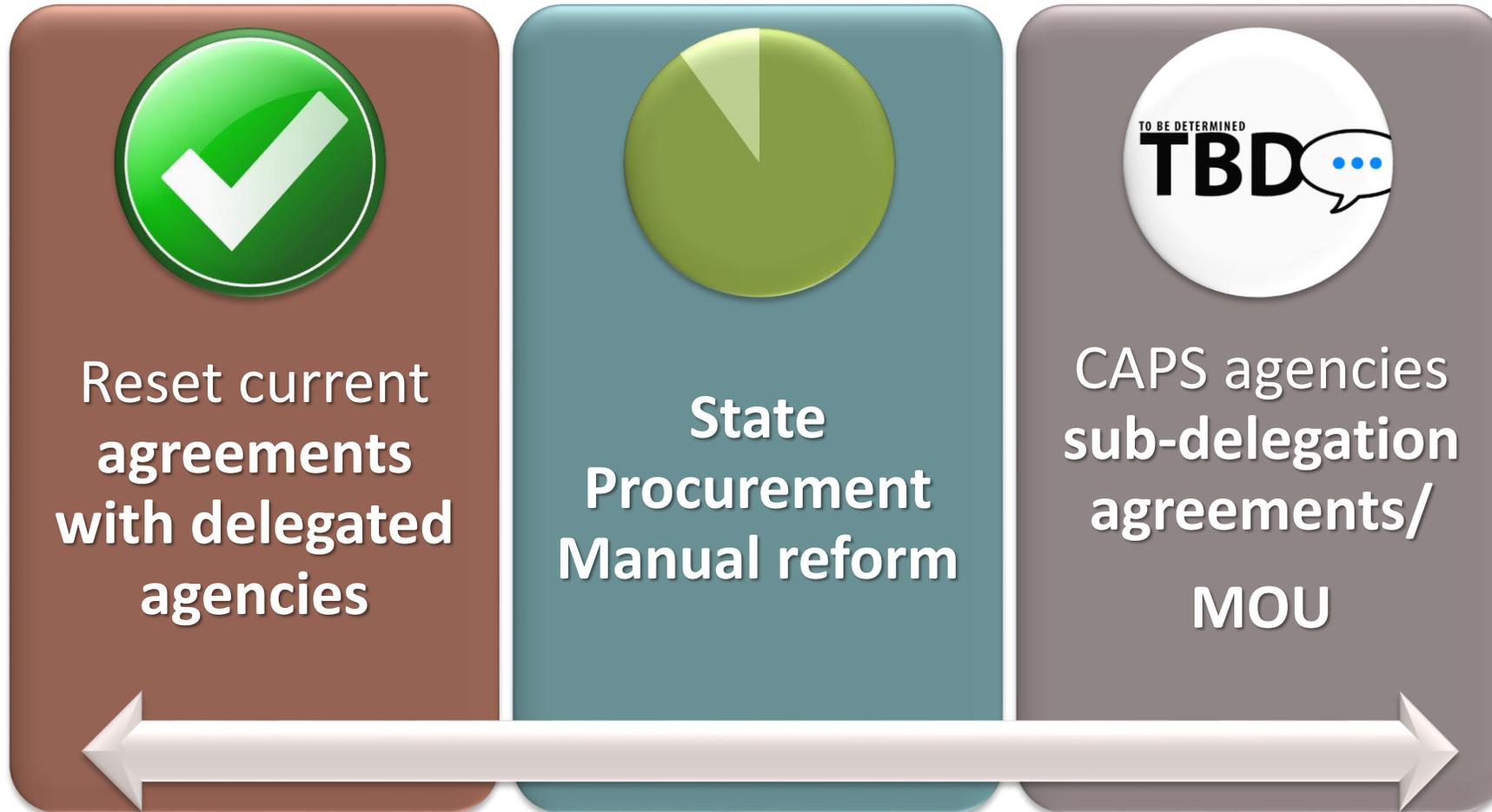# Goal 1: Shared Services

Charter **Vendor Management Program with DET**

Create an **IT Edition** of the existing Procurement Desk Guide

Enhance VendorNet to showcase IT contract resources

Goal 1: Shared Services

One Procurement
Operational Reform and Policy

Reset current agreements with delegated agencies

State Procurement Manual reform

CAPS agencies **sub-delegation agreements/ MOU**

Goal 1: Shared Services

One Procurement
Systems Management

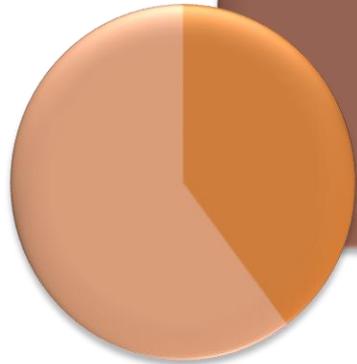RPA.wi.gov enhancements, additions
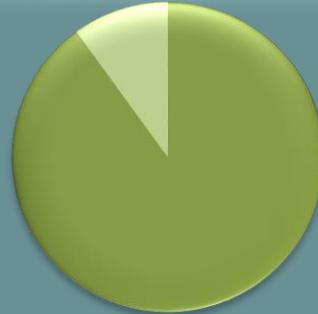
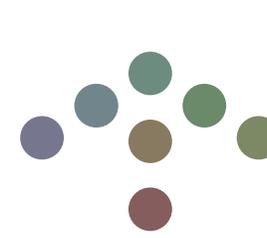Enterprise license for an **electronic signature solution**

Requirements for a **supplier contract management solution**

Goal 1: Shared Services

Improve **piggybacking process**

Kickoff **STAR Benefits Realization Program** and project charter

SBOP will **survey agencies** for new enterprise contract ideas

One Procurement
Strategic Sourcing/Benefits Realization

One Procurement
Performance Benchmarking

One Procurement: What's Next?

- Finalize delegation status for all agencies without delegation and not CAPS

- MOUs with CAPS agencies

- Start requirements development for Supplier Contract Management tool

- Vendor Management Program website

- Completion of projects started to date

Goal 2: Spend Reduction Plans

"Direct State agencies to work with the Department of Administration, Division of Enterprise Operations, to reduce purchased services and contracts spent across all State government."

- Two main "lanes" to address this goal

- Strategic sourcing as a business initiative

- Use of STAR to report offsets and savings (Goal 3)

Goal 2: Spend Reduction Plans

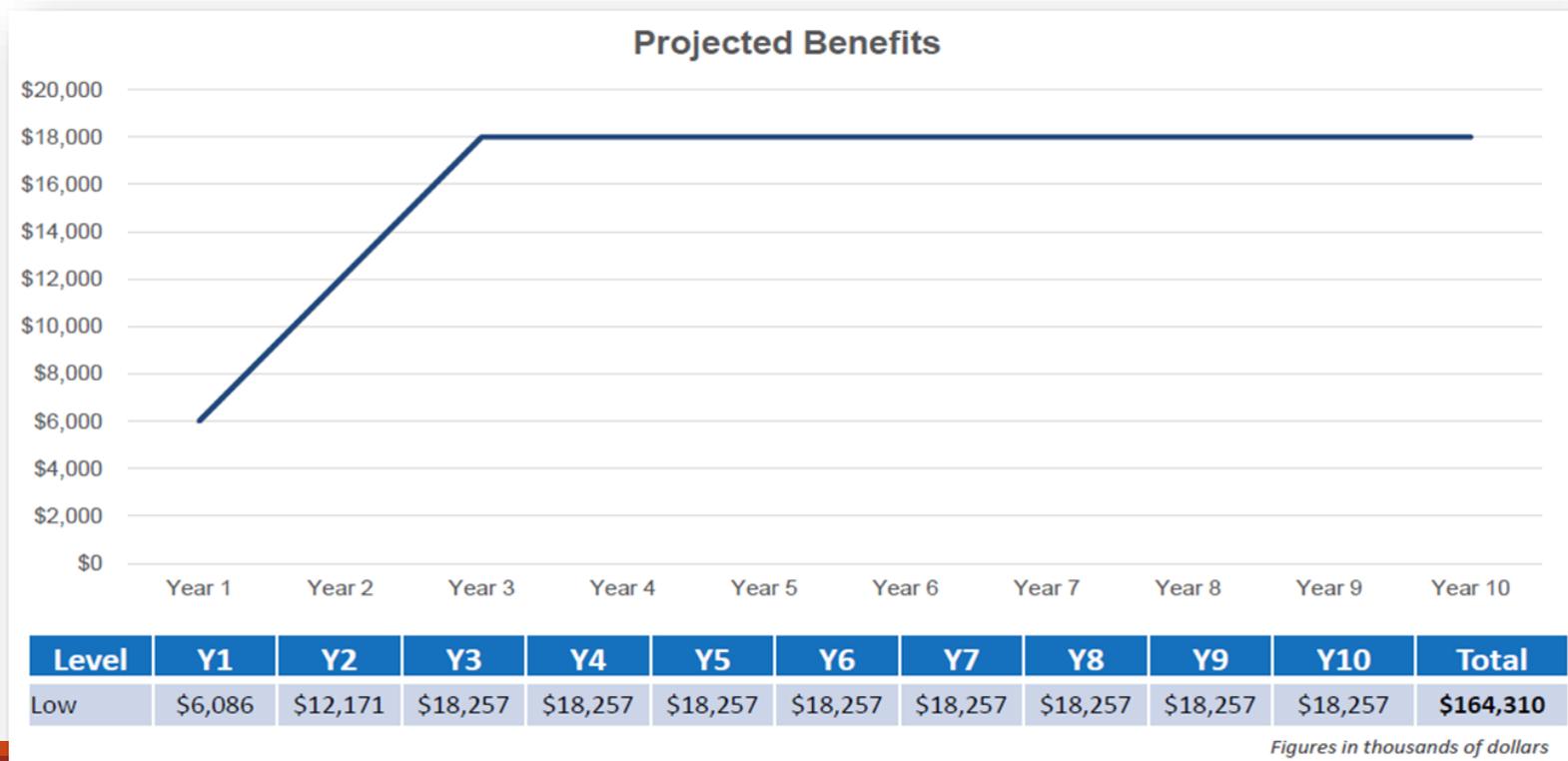- Savings/offsets are projected to reach $164.3M over 10 years across high potential goods/services categories

In Order of Projected Savings: High to Low	
IT Services	Small Package
Telecommunications	Repair and Maintenance
Software	Cleaning
IT Infrastructure	Resources (Geological, Salt)
Printing Equipment	Industrial/MRO
Vehicles	And others (+)

Goal 2: Spend Reduction Plans

- Savings are expected to be achieved after a 3-year "ramp up" and a stabilized period of 7 years with static performance:

Projected Benefits

Level	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Total
Low	$6,086	$12,171	$18,257	$18,257	$18,257	$18,257	$18,257	$18,257	$18,257	$18,257	**$164,310**

Figures in thousands of dollars

Goal 2: Spend Reduction Plans

- Vast majority of categories impacted by the strategic sourcing initiative are managed centrally by DOA/SBOP through enterprise contracts, however:
  - Tail spend in these categories (off-contract) needs to be managed
  - Number of suppliers in these categories drives up overall costs
  - Better coordination and timing of like-needs across agencies can produce even more savings on state contracts
  - Contracts need to be promoted and easier to find so negotiated prices can benefit all

Goal 2: Spend Reduction Plans

- Bureau of Procurement will work with delegated agencies and through CAPS to propose specific savings/offset targets within the broad categories based on agency's FY18 spend

- For categories affected by enterprise contracts, Bureau will continue to work on improving category management best practices to drive savings.

Goal 3: Benefits Realization

"Direct State agencies to work with the Department of Administration, State Transforming Agency Resources (STAR) Program Office, to identify, save, and realize the benefits of a State enterprise resource planning system in the areas of procurement, finance, human capital management, and information technology."

Goal 3: Benefits Realization

Hard Dollar

Reduction in funds spent or increase in revenue captured and reportable on financial statements/budget. Must be directly quantified in dollars.

Soft Dollar

Reduction in costs to support operations not otherwise covered as hard dollar offsets.

Other Benefit

Value to the organization by way of efficiency, standardization, enhanced relationships with customers, internal stakeholders and vendors and overall business process improvement.

Goal 3: Benefits Realization

- Module has been tested in system, UAT by SBOP and several agencies

- Job aid and training in final stages of development

- Intend to deploy with early adopters first

- All agencies to begin requesting security access, training in January 2019

Goal 4: $150K IT/Consultant Purchasing

"Direct State agencies to submit any information technology purchase or private consultant services purchase, including consultants over $150,000, to the Secretary of the Department of Administration for approval."

- Went live with extension of RPA.wi.gov system to manage requests and approval in July 2018
- Effective August 1, 2018 for compliance

Goal 4: $150K IT/Consultant Purchasing

$150K

- IT and Private Consultants
- Agency has procurement authority
- $150K over contract term

RPA

- Any good/service type
- Agency does not have procurement authority, requires waiver
- Over $25,000

STAR Overlap

- Software of certain types matching STAR (both implemented and not yet implemented)
- Development efforts or COTS
- All Dollar Amounts

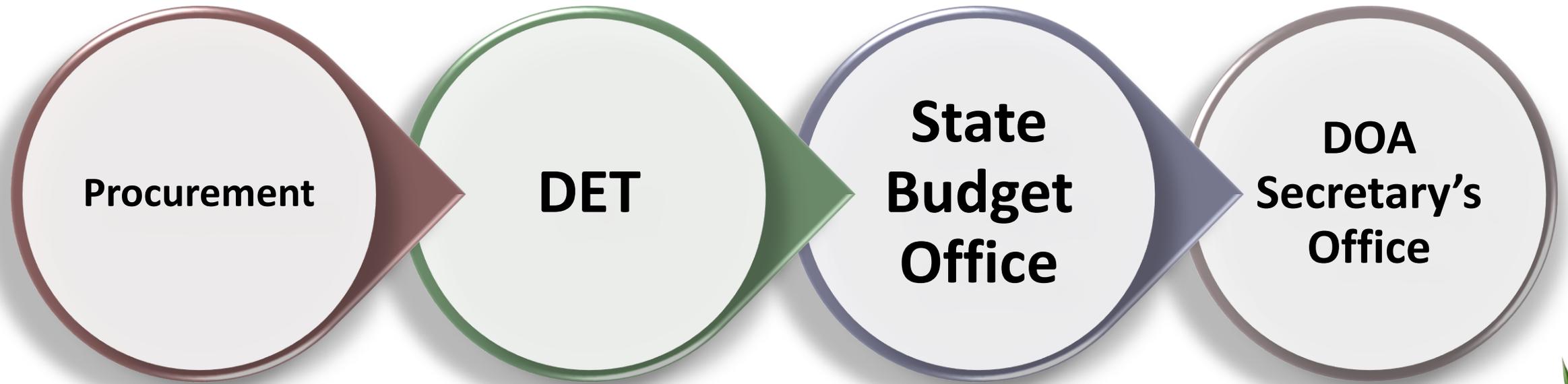# Goal 4: $150K IT/Consultant Purchasing

Since August 1*

- 100 requests submitted, 57 fully approved
- Average Approval Time: 16.84 *calendar* days
- Average Time in Agency Revision: 5.63 calendar days

*Metrics run 10/16/18

Goal 4: $150K IT/Consultant Purchasing

Procurement

DET

State Budget Office

DOA Secretary's Office

Goal 4: $150K IT/Consultant Purchasing

- Resources:

Agency User Guide

$150K Policy and Procedure (**PIM 18-003**)

VendorNet Forms page
  - CBA Forms DOA-3821A (Summary); DOA-3821B (Financials); DOA-3821I (Instructions)
  - DOA-3310: Request for IT or Private Consultant Purchase over $150K

Register for full CBA class at **http://doawi.wi.gov/courselist1.asp?famid=5&locid=2**

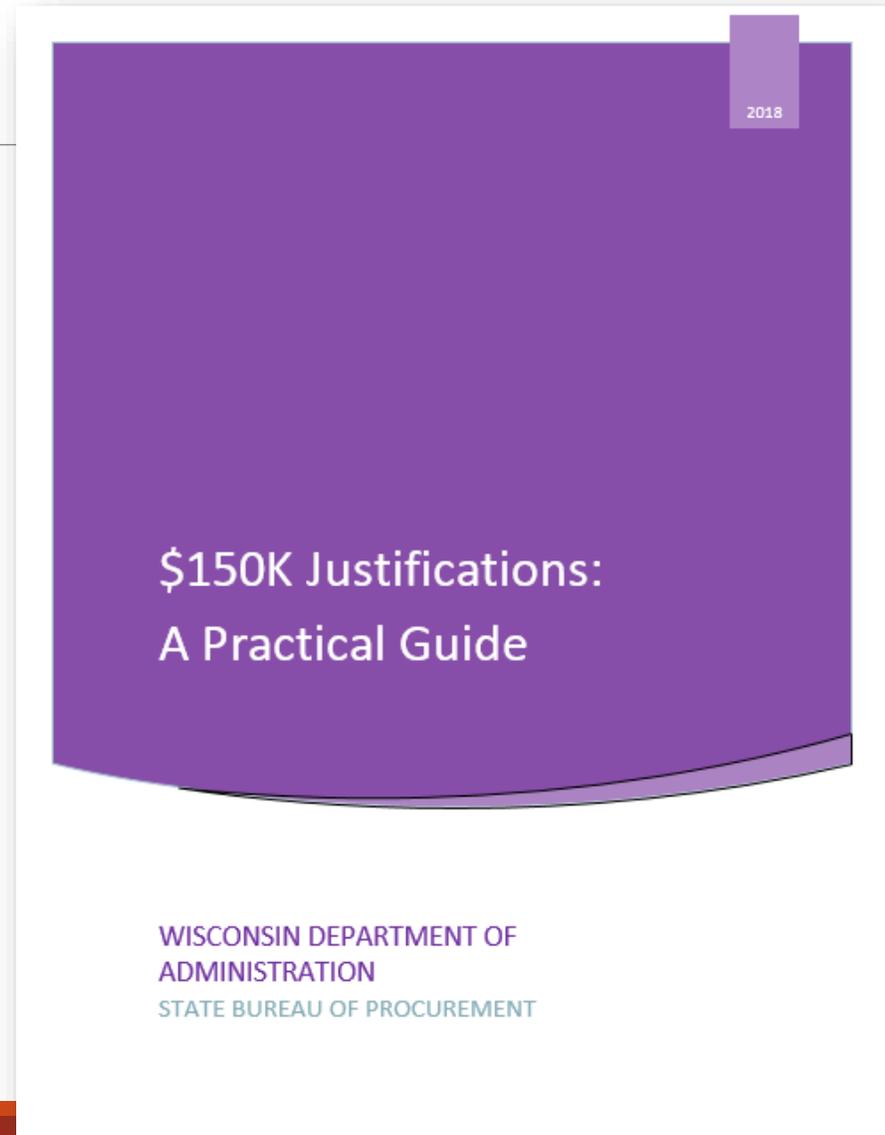**http://vendornet.state.wi.us/vendornet/procman/PIM17001.pdf**

https://det.wi.gov/SOD_RNR/PolicySoftwareSTAROverlap.pdf

Goal 4: $150K IT/Consultant Purchasing

- Form, Policy recently updated with criticality designations, other enhancements

- Upcoming Resources:
  - $150K Justifications: A Practical Guide
  - System view-only access

Role of IT Vendor Management Program

SBOP and DET have partnered to develop a plan to initiate an IT Vendor Management Program as part of the broader goal from 2017-19 Budget to improve IT procurement operations

- Joint recruitment for staff to VMP, creation of charter, roadmap

- Goal to mitigate enterprise IT contract risks with proper resourcing

- Relationship management for suppliers and with CIO, PMO offices

IT VMP Primary Objectives

1 **Improve** efficiency in managing IT contracts

2 **Drive more value** from IT suppliers through cost savings and cost avoidance measures

3 **Gain more control** over product and service quality through clear contract SLAs

4 **Standardize** contract management processes across all operations to mitigate risk

Role of IT Vendor Management Program

- Goal of "Rightsizing"
- Determines right amount of management resources
- Determines appropriate level and type of performance monitoring

Role of IT Vendor Management Program

1 Solicitation Development
- Needs/Demand Assessment
- Category/Past Contract Review
- Procurement Workplan
- Vendor/Market Research
- Document and Cost Structure Build

2 Solicitation Management
- Open for Bidding, Bidder Management
- Initial Vetting

3 Opening/Awards
- Eval Prep and Proposal Distribution
- Prelim Scoring and Short Listing
- Advanced Scoring/Down Selection
- Presentations/Site Visits
- Cost Evaluation
- Supplier Due Diligence
- Admin Review

4 Negotiations
- Negotiation Planning
- Negotiation Team and Strategy
- Engaged Negotiation with Supplier

5 Contract Management
- Transition to Contract Governance
- Contract Savings Analysis, Monitoring
- Performance Measurement, Correction
- Plan for Renewal, Re-Bid

- Goal of improving relationship with communication and clarity of roles
- Use RACIQS to specify role at all steps of procurement and contract lifecycle

IT VMP Next Steps

- Finalize charter, goals, roles and responsibilities
- Target April 2019 to release information to existing DOA IT suppliers on new rules of engagement, policies of VMP, website
- Update IT procurement and contracting templates to enforce VMP standards

General Goals and Procurement

"Direct State agencies to consolidate print and mail operations at the Department of Administration, Bureau of Printing and Distribution, unless an exemption is granted by the Secretary of Administration."

- Bureau of Procurement published a policy in support, PIM 19-001:
  - Require BPAD and BSI to be added to print and mail solicitations
  - Clarify scope of what is/not print
  - Clarify no waiver needed to use existing mandatory statewide print contracts
  - Reinforce need to obtain a waiver where applicable

General Goals and Procurement

"Direct State agencies to examine their paper-based finance operations and submit a plan to the Department of Administration, State Controller's Office, describing how they will minimize, with the goal of eliminating, paper-based payments and maximize the use of electronic information exchanges."

- Bureau of Procurement will work with SCO and DOA Legal to update State Standard Terms and Conditions as needed to accomplish this with suppliers.

General Goals and Procurement

"Direct State agencies to submit a plan to the Secretary of the Department of Administration on how they will transition and achieve electronic storage and creation of documents to the greatest extent possible."

- Bureau of Procurement and DET managing contracts for OnBase, electronic records management system.

- Bureau of Procurement finalizing electronic signature enterprise subscription.

General Goals and Procurement

"Direct the Department of Administration, Division of Enterprise Operations, to reduce costs and improve efficiency by changing State vehicle purchasing, maintenance, and operating policies…"

- Bureau of Procurement will continue to support Fleet Services to facilitate these goals as applicable.

Wrap Up, Questions

Questions, please contact:

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State Bureau of Procurement

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