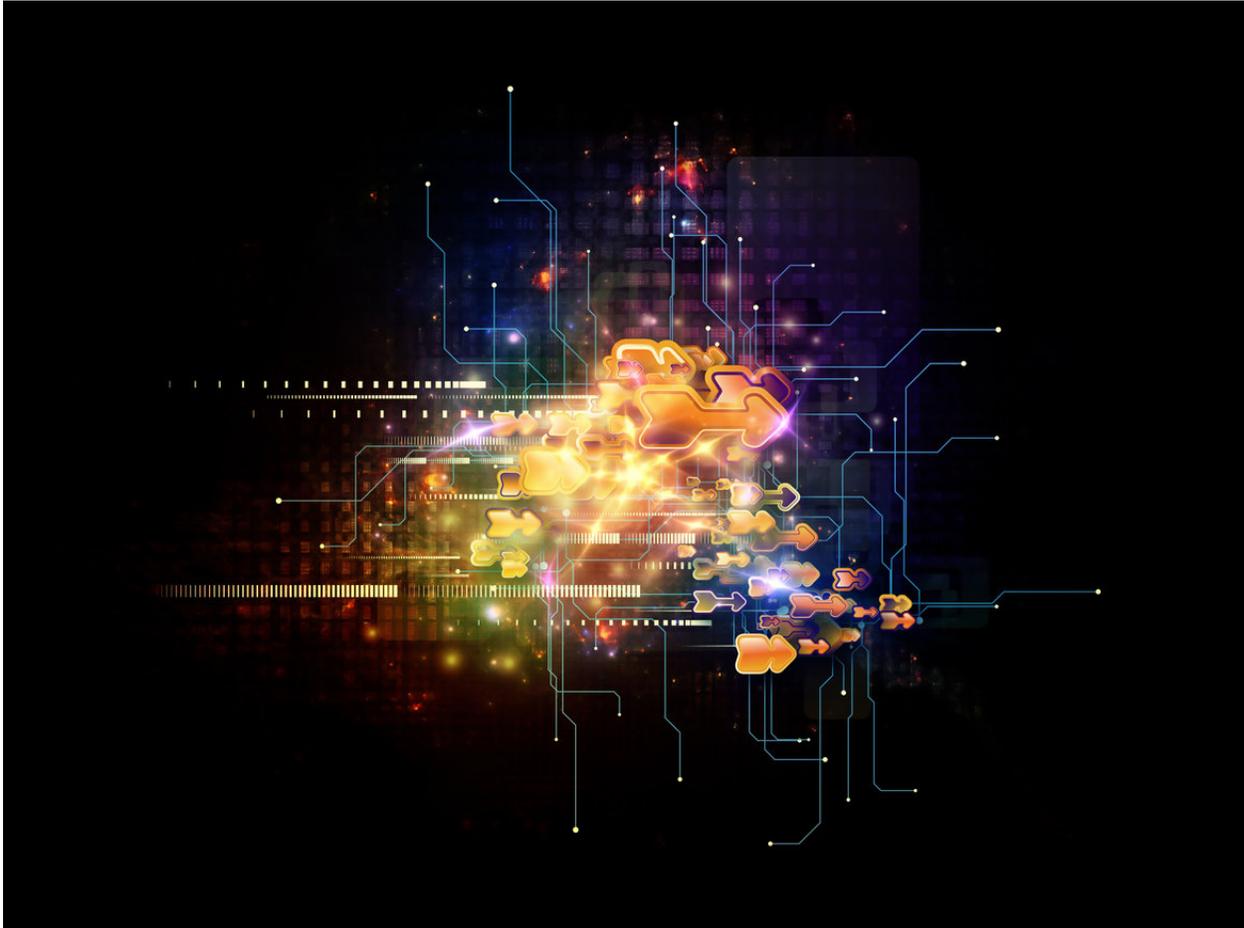# 5 Key Recommendations for Improving State IT Procurement

Theo Douglas | September 20, 2017

State officials should focus on collaboration and teamwork if they hope to create IT procurement processes capable of bringing innovation to their agencies, according to a new joint report.

The report, *State IT Procurement Negotiations: Working Together to Reform and Transform,* released Sept. 19, comes from an examination of IT procurement by the National Association of State Chief Information Officers (NASCIO) and the National Association of State Procurement Officials (NASPO) and dates back more than a year.

And officials at both organizations told *Government Technology* that states must do more to move their agencies beyond one traditional definition of procurement — buying hardware and things — to a more current focus: problem-solving. Following are several key recommendations that emerged from the report.

1. Build Closer Relationships

In the survey, 23 percent of respondents said their state's chief procurement officer (CPO) handles procurement and just 12 percent said their CIO handles it. The remaining nearly two-thirds had other answers that included "divided" and "other."

And of the 93 percent of respondents who said their staffs met with other CIO or CPO staffs, 40 percent said they met with their CIO/CPO monthly and 27 percent said they met with their CIO/CPO weekly.

"When I first thought about this, I thought, 'Oh, that's so elementary. Everybody knows you need to have a good relationship.' But in reality, we saw in a lot of states where it just wasn't there or it wasn't working," said Meredith Ward, senior policy analyst at NASCIO and one of the report's principal authors. "We joke that CIOs and CPOs, historically, some have really pointed the finger at each other, and so we really wanted to say, 'OK, let's stop doing that."

Instead, she and principal author Megan Smyth, senior policy analyst at NASPO, recommend basing communication and interaction on the assumption the other party has the best intentions and is working in the state's best interest; cross-educating and training all parties; and clearly defining roles and responsibilities.

William McVicker, project leader in the Office of Central and Information Services at Dutchess County, N.Y., said there's unquestionable value in teamwork.

"No department — or no agency — is an island. We need to know what our common goals are and how we attain them as a group," said McVicker, who led a recent project to consolidate three fleet tracking software systems for the county in southeastern New York.

2. Centralize IT Procurement

As for whether their state CIO's office had authority over state IT purchases even if it didn't "own" IT procurement, 66 percent of states said yes and 31 percent said no. This could represent, the report's authors indicated, an opportunity to "focus on using the oversight of the CIO" to assist in standardizing the IT procurement process.

Perhaps more than that, however, authors recommended centralizing IT procurement under one umbrella to boost state buying power, save time and money, and increase clarity.

The authors have seen procurement successes come in situations where either the CIO the CPO owns the process and they work together.

Smyth acknowledged that state IT procurement is built into the centralization question, but said it isn't the main issue.

"The need for an open and effective dialog, regardless of who owns IT procurement, is really key, and we want to emphasize that. Generally speaking, we promote centralization as a best practice at NASPO," Smyth explained, noting that the strategy helps with accountability, increases transparency and maximizes value in large procurements.

3. Negotiation Works

As for whether their state used negotiation during IT procurement and that the process had been beneficial, an overwhelming majority of the 40 states that responded to the survey, or 90 percent, said yes. More than half indicated they were using negotiation later in the process; 58 percent said they were using it at the award stage, and 53 percent said they were using it post-award.

Responses indicated, the authors wrote, "that most states are using some kind of negotiation" — but none that answered the survey were following the private-sector model of negotiating with multiple vendors pre-award.

Scott Rubin, head of Public Policy at Tanium, an Emeryville, Calif.-based endpoint security and systems management company, said operating similarly to the private sector could have positive results for governments.

"Negotiating organically rather than at intervals often helps ensure cost aligns with value, and ensures both parties are on the same page earlier in the process. This should drive a higher probability of a mutually beneficial partnership," Rubin said via email.

Answers heard at NASCIO's annual conference in 2016 pointed to a combination of legislation and internal policies blocking the way, Ward said.

Exactly half of respondents said legislative and policy changes would be needed to begin using negotiations in IT procurement, while another 28 percent combined said legislative changes (21 percent) or policy changes (7 percent) were an issue.

But here, too, Smyth pointed out that working together can make a big difference. She cited one of two case studies in the report, examining how the close relationship between former Alabama CIO Joanne Hale and current state CPO Michael Jones let them forge legislation that passed, allowing multi-vendor and cooperative contracts.

"Obviously you're going to accomplish more together," Smyth said.

4. Thinking Small Is Big

States that answered the pre-workshop survey were, by and large, bullish on their ability to use procurement to get the most innovative technology for their agencies. More than half, or 54 percent, rated their process as effective (44 percent) or very effective (10 percent).

But nearly one-third, or 31 percent, said their process was neither effective nor ineffective at landing innovative technology, while 15 percent rated it ineffective.

Part of the reason for the "neither" answer, Ward said, could have been differing perspective from CIOs and CPOs. But another reason, she noted, continues to be the protracted procurement cycle, "that maybe by the time that we set out to get x-y-z, it's already 18 months down the road and it's out of date."

One solution can be using Iterative, non-waterfall procurement methodologies to take on smaller projects more quickly and more inexpensively.

"If states can look at breaking things off into smaller pieces, doing smaller projects or sprints or doing cooperative contracts," Ward said, "then you haven't invested this giant amount of money and you can start again or regroup."

The issue has come up at nearly every recent NASPO conference, Smyth said, and is being explored by many states.

"To be more agile sounds very cheesy," she added. "But modular procurement does two things. It segments the risk and increases the transparency of the process."

5. Involve the Private Sector

By definition, private companies are already directly connected to IT procurement. Survey respondents said, for example, that they negotiate everything from scope of work and pricing to roles and responsibilities and delivery specifications as part of that ongoing process.

But among their recommendations, the report authors suggest working with all parties "including those from the private sector" to promote flexibility and communication, as well as building RFIs and RFPs to encourage private-sector solutions instead of "focusing on overly prescriptive specifications."

In examining implementation methods for their recommendations, report authors said it's important to remember that RFPs cost the private sector many man hours and thousands of dollars to apply — but that they have good ideas too.

By taking a part of its RFP process online, Riverside County, Calif., connected with a groundswell of interest [earlier this year](#).

The agency issued an RFP to build the country's largest broadband network on April 3, following it up about three weeks later with an online proposer's conference that drew nearly 40 interested parties.

Agencies realize, Ward said, that the private sector "can be part of the problem," but want to keep the process fair, competitive and inclusive.

"Really, the notion from both CIOs and CPOs," Ward said, "is that they really did want a private-sector partner in these IT projects."

http://www.govtech.com/policy/5-Key-Recommendations-for-Improving-State-IT-Procurement.html