Session Goals

- Discuss how IT views procurement of software
- Strategies for getting a seat at the project team's table
- Discuss available procurement tools
Magnitude of Problem

• OVER 60% OF CUSTOM SOFTWARE PROJECTS FAIL
• BILLIONS OF DOLLARS
• MILLIONS OF HUMAN HOURS
What is Failure?

• Non-Functioning product
• Missing significant features or functions
• Poor system performance
  • System response time
  • Customer support
  • Upgrades
• Significant delays
• Cost overruns
• Termination
Types of Software Purchases

- COMMERCIAL OFF THE SHELF (COTS) OR SHRINKWRAP
  - Existing software (in use by other agencies)
  - No or minimal modifications
  - ERP solutions (Financial systems, HR/Payroll)

- CUSTOM
  - Does not exist in the form you want
  - Major development
  - Online payment systems
  - Web site developments
Where Does IT Get Their Ideas for Software Purchases?

1. Much like any other departmental purchase
2. Responding to requests from end-users.
3. End-users get ideas from:
   A. Peers
   B. Vendor fairs at conferences
   C. Sales calls
   D. Consultants
      • Gartner
      • Forrester
   E. Direct / Internet
What Does IT Think of the Procurement Process?

• Dependent if mandatory
• Fear of loss of control
  • Won’t get vendor they “want”
• RFP requires a lot of work, especially developing a SOW and evaluation criteria
  • Unenthusiastic
  • Lack of in-house expertise to write SOW
  • Time commitment and potential for delays
  • Rules to follow
Steps Taken to Avoid Procurement Process

- **Sole Sourcing**
  - Working with a preferred vendor to identify key features that their solution has that no other solution has.
  - The vendor “knows what we want and need”

- Convincing the Department that this is the best solution and a procurement process may be a danger to

- Convincing management that this is the best solution and process is waste of resources.

- Selecting a software solution prior to “beginning any procurement process.”
Typical IT Project Informal Procurement Approach

- End user determines they have a need
  - Product show
  - Sales presentation
  - Information from peers
- Bid Specification not completed
- IT may or not be involved
- Budget Approval
  - Vendor has already been selected
- Procurement process
  - Procurement process may or may not be used
Informal Approach Contributes to Project Failure

- Purchase based on “want” instead of “need”
- Over reliance on vendor
- Inadequate use of RFP process
  - Not taking advantage of marketplace and other solutions
  - Favorite Vendor already selected
- Lack of Needs assessment prior to purchase
- Lack of involvement of all of the end users
- Not knowing where you want to be at the end of the project
Informal Approach Contributes to Project Failure

- Lack of Market Analysis to determine what is feasible in terms of performance, budget and timeline
- Inadequate Scope of Work
- Design done by the provider after software purchased
  - Your process is shoe horned into what the provider can deliver
  - No SME overseeing project
Informal Approach Contributes to Project Failure

• Award of RFP-exact cost unknown
• More Change Orders due to Learning curve, Agency gets “smarter” as project goes, wants more features
• Poor process for acceptance
  ◦ Poor project management/contract administration
How Can Procurement Get a Seat at the Project Table

- This doesn’t happen by accident - It takes work
- Mandated or not you need to demonstrate value
- Provide a process that provides information to make an informed decision
Getting a Seat at the Table
The Sales Pitch to IT

• Jointly develop an approach
  ◦ It is steps they already do, just better documentation.
  ◦ Same amount of time as informal process

• SME with business analyst skills
  ◦ Complete needs analysis

• Use an RFI
  ◦ Survey marketplace for purpose of developing a final design document
  ◦ Develop budget, timeline, level of effort

• RFP to Select a Provider
Business Analyst Skills

- Knowledge of software in general
- Business analysis skills
- Ability to lead a department through the process
- B.S Sniffer
  - Knows what is possible and what is not
Step 1 Developing a Problem Statement

• Develop a business case
  ◦ Requires a SME or Business analysis

• Too often a software solution is selected without any regard to how the agency does business
  ◦ You are purchasing the vendor’s vision of what you need instead of yours

• Automating a poor process is not a solution

• Updating the business process often solves most problems
What is a Functional Design Document (FDD)?

• The purpose of a functional specification is to define the requirements to be implemented by the software solution.
• Business Requirements Document (contrary to the name, they commonly do not include only business requirements but also functional, software requirements).
• Functional Requirements Document.
• System Requirements Specification.
• Use Cases.
• User Stories.
Step 2 Determine Feasibility of Goals and Objectives (Gap Analysis)

MEETING PROJECT GOALS

A. Technical
B. Function
C. Budgetary
D. Time line
E. Project Risks
F. County responsibilities
G. Incorporate vendor suggestions
CONDUCT A GAP ANALYSIS BETWEEN COUNTY AND MARKETPLACE USING AN RFI

Presentation by IT of project goals to vendors

1. RFI sent
2. Virtual Open House Webinar
3. Respond to vendor requests for additional information
4. Vendor responds to RFI
5. Review responses and update SOW as needed
6. Issue RFP
From an IT Project Manager:
How the Procurement Process has added value

- Forcing IT to ask the tough questions and to gain a better understanding of the customers’ needs. (FDD)
- It ensures a more holistic view of business processes and needs to find solutions that are the best fit for a competitive price. (RFI)
- Collaboratively, IT and procurement can complete a formal procurement process about as quickly (if not quicker) than when procurement is bypassed.
- Better decision making tool The procurement process also assists IT (and in turn IT’s customer) with selecting the right solution and avoiding the potential of a solution blame game – where the solution doesn’t do what it’s expected to, and blame is assessed.
Other Insights from an IT Project Manager

- Technology is always evolving.
- New solutions and directions emerge continuously.
- It is important to understand that the evolution is inevitable and that surveying the marketplace early on in a project can assist in identifying where technology is going.
- This is also important as it relates to business processes. Technology may require the business or organization to operate differently. This is especially true with traditional off-the-shelf solutions – and even cloud-based solutions.
Additional Insights from an IT Project Manager

- Increasingly, organizations are beginning to use more platform-based solutions – like Microsoft SharePoint or Dynamics 365, or Salesforce.

- These types of solutions require more in-house technical knowledge and expertise in assisting with finding vendors who are familiar with the technologies and with the lines of business.

- That business knowledge allows a vendor to create solutions that work best for an organization. The in-house technical knowledge is required to understand how a vendor is proposing to create a solution and ensuring that it makes sense technically.
After it was all said and done
Why did you agree to use this type of process?

- Allowed for a more thoughtful and balanced approach
- The decision making process more transparent and improves the overall selection justification.
- It also reduces the risk of a single individual making a poor and uninformed decision – allowing a team approach to selection based on well-defined criteria.
- Moved the process away from a vendor-centric model where vendors highlight what is available in their marketing materials to what the solution offers as it relates to our business needs.
What factors were the key for you?
Or the key to success?

• IT and procurement, working with their mutual customer, require buy-in from all parties.

• Documenting the business processes and solution requirements means IT collecting that information and assisting with its creation when needed.

• It requires the customer to be engaged and open to the solution that best meets their need based on responses and demonstrations from vendors that address the documented needs and processes.

• IT must understand what the customer is trying to do and how that relates to technical offerings from various vendors – as well as understanding current industry trends.
What feedback did you get from vendors?

- Vendors appreciated having a fair shake and knowing what features are important so they can demonstrate and highlight with their solutions.
- The transparent and balanced approach – when coupled with documented business processes and solution requirements / needs – creates a better overall process for all involved.
Did you find the process beneficial?

- When it all comes together, and RFPs are scored, the process speaks for itself and the selected vendor is recognized by a consensus of rightfully being selected.

- Taking the time to document business processes and business needs – and how a solution will fit into that – is extremely important in selecting a qualified vendor and implementing a solution successfully. Unsuccessful projects usually short-change or skip over important steps that should be used in creating and including in the RFP. Those skipped steps will nearly certainly result in a failed project.
What would you change?

• Buy-in is the most important thing related to the RFP process.
• Making sure everyone understands the value that it brings and the dramatically improved success rate that occurs when the appropriate time and energy is spent cannot be understated.
• Taking the time early on in the process will increase the chances of success – which saves time and money in the future.
What advice would you give to agencies considering using this process?

- IT and procurement must build relationships and have conversations about the RFP process.
- Make sure IT understands what procurement can help with and what procurement needs from IT to make for a successful RFP.
- Much like life, relationships go a long way for mutual success. Procurement doesn’t have to be the enemy of IT and with the right amount of collaboration, both IT and procurement will help their customer achieve project success.
Recap

- Not an overnight solution
- Need for change in how software is budgeted and purchased
- Know where you want to be. Agency conduct Business Analysis prior to developing FDD
- Procurement has the tools (RFI and RFP)
- Need for SME or Business analysts
- Developing relationship between SME and Purchasing
Discussion

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