## Issue Brief

# Managing IT Procurement for Success

How to overcome the common challenges of IT procurement in the public sector

As a government procurement professional, you know that the purchasing process for IT equipment, software and services can be daunting. The challenges of the IT purchasing process include:

- Complex projects that involve multiple products and services
- Lengthy and complex RFPs that reflect equally lengthy and complex requirements
- Vendors with limited experience as government suppliers
- Overlapping or conflicting terms from funding sources

Together, these challenges can make it difficult for the IT procurement process to be as effective and successful as possible. But by reviewing current practices and considering new approaches, you can address — and even overcome — many of these challenges.

## Challenge: Potentially outdated procurement rules and processes

Procurement departments have traditionally focused on simply getting the best price and terms for commodity items that are easily definable and available from multiple vendors. IT purchases don't often fit this approach because technology is usually deployed as a "solution" — a set of products, consulting and support services, and processes that are often developed after vendors are selected.

**Solutions:** To overcome this challenge, identify how purchasing processes can adapt to IT needs while remaining compliant with legal and funding requirements. Review current procurement rules and processes and what modifications they may need to better reflect the characteristics of IT purchases. Also, research new procurement methods through resources such as technology industry analysts, Center for Digital Government reports and affiliated magazines, and peer groups.

## Challenge: Standard purchasing terms and conditions

The nature of IT investments may also require adjustments to payment terms, delivery parameters, considerations of warranty coverage and other standards that are defined for general purchasing. You may need to develop new terms and practices for the "best-value" contracting that is often a better choice for IT projects.

**Solutions:** Review and adjust the standard terms and conditions in your purchasing contracts to better reflect IT needs and practices. Look to neighboring jurisdictions who may have updated their terms and conditions, especially those in the same state or at the same governmental level, for advice and examples. Explore the possibility of using interlocal agreements to leverage another jurisdiction's procurement or procuring together in order to share services or reduce costs. Finally, explore whether your state and jurisdiction allows you to purchase through contracts such as GSA or state term schedules to avoid creating your own contract.

## Challenge: Procurement staff and technology expertise

An IT investment typically includes many variable elements such as multiple licenses, product bundles or versions, and multi-year support contracts or service subscriptions. These elements can be confusing and this confusion is only compounded by rapid technology change and the increasing number of highly diverse IT projects. Simply stated: It's difficult for purchasing staff to develop and maintain the expertise needed for IT procurement. Additionally, the increasing adoption of IT services instead of hardware or software product purchases requires a new understanding of service pricing and delivery models as well as the appropriate funding allocations from internal budgets and external sources.

### For More Information

Detailed insights and recommendations for this topic are presented in the Center for Digital Government guide, "Selecting and Sustaining IT Investments in Government." To download a free copy, visit www.govtech.com/technology-investment-guide or www.governing.com/technology-investment-guide.

**Solutions:** Several practices can help enhance technology knowledge among procurement staff.

- Use vendor white papers or invite vendors to educate staff about a technology before the RFP is developed.
- Visit neighboring jurisdictions that have implemented a solution or use an online meeting to see actual solutions that address your needs so you can understand realistic outcomes before writing requirements.
- Check resources like the National Association of Counties, the National League of Cities, the National Association of State CIOs and the Center for Digital Government to learn more about solutions and who is using them.

## Challenge: Procurement response burden

The most innovative and affordable solutions often come from small or startup technology companies. Yet these vendors don't always have the knowledge or resources to respond to larger government RFPs and the projects they define. This gap may mean that a government IT department has to settle for less competitive solutions with compromises in price, capabilities and design simply because those were the only submitted proposals.

**Solutions:** As you review your RFP documents, ask: Are they bigger than they need to be? Consider whether a simpler RFP might make it easier for smaller vendors to reply (and potentially offer cost savings and technology advantages over larger vendors).

## Challenge: Reduced IT staff levels

Many government IT departments have seen their share of staff reductions because of budget cuts. The technical personnel who remain must spend more of their time managing day-to-day IT operations. As a result, they have less time available for helping procurement staff create RFPs.

**Solutions:** Reducing the burden of procurement tasks for IT staff can simplify the project's entire purchasing effort. Explore the possibility of using interlocal agreements, GSA terms or state contracts to leverage another jurisdiction's procurement or the possibility of procuring together. Consult with peers who have purchased similar solutions for best practices and areas to avoid as a way to help your staff create an effective RFP and benefit from work done by other jurisdictions.

## Challenge: Technology advancements

In all too many cases, by the time a government IT project is deployed, the underlying technologies have already advanced another generation. Or, if the government has leapfrogged to new Software-as-a-Service (SaaS) and cloud technologies, this move raises new and unfamiliar procurement issues such as user licensing and pricing plans that are based on unpredictable usage levels.

**Solutions:** Many of the solutions listed for the other procurement challenges are also helpful for keeping pace with technological change. Additionally, take advantage of technology advancements that automate document creation and review/approval workflows to reduce the demand of these routine tasks on your staff.

## Conclusion: For Better Procurement, Ask the Right Question

Finding new ways to research and procure technology solutions begins with knowing what you don't want every bit as much as what you do want. To identify this knowledge within your organization, ask the question that is at the core of what you are trying to achieve: *What will success look like for your organization and why is it important?*

This question about project success prompts discussion with the business side and with users about what they need and what they can realistically expect from a technology purchase. In turn, this discussion helps to create more realistic RFPs, more targeted vendor responses and a more efficient purchasing effort.