



IT Standards & Contract Management

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It is our vision that MDIT Standards and Contract Management will lead the way in providing access to state employee services that are fast, efficient, effective and not dependent on an outdated model of requiring employees to be sitting in their office to request IT procurement assistance. Replacing antiquated paper processes with Web-based applications, online collaborations and mobile worker access will foster strategic partnerships and show state agencies what is possible in the way of streamlining operations. In addition, as the state plans for responding to possible natural or man-made disasters, providing state workers access to procurement applications outside of the traditional office environment will help mitigate the disruption of state services such disasters could cause.



Vision of Action

Strategic partnership is the core of our IT Standards and Contract Management action plan for 2008-2012. Through trusted relationships, including a cooperative and vital relationship with the Department of Management and Budget (DMB), our vision is to effectively bridge the IT needs of the state of Michigan and its agencies with the best offerings from the vendor community.

Procuring IT commodities and services is an integral piece of the overall MDIT mission. With over \$200 million spent on IT procurement in FY 2007, the challenge is to ensure the right purchase is made at the right price with the right results. This is best accomplished through contract vehicles that protect the State's investment while encouraging vendor partners to provide the very best they have to offer at preferred rates and terms.

Contract vehicles must comply with state regulatory requirements while still allowing for expedient processing. Our DMB partners manage bidding and award processes to meet state legislative mandates and ensure competition. The IT Standards and Contract Management Office will work within DMB guidelines to establish contracts that are flexible enough to accommodate the diverse requirements of Michigan's agencies, balancing the need for tight business requirements with the ease of using standard templates and checklists. This effort will be extended to local units of government where we can work strategically to share bidding efforts, as well as aggregating contract values and achieving economies of scale.

Protecting Michigan's environment through judicious procurement methods and energy-efficient computer devices is a priority. We will develop a green IT procurement strategy which includes commodity contracts that place a premium on eco-friendly packing materials, energy conservation, lead - and emission - free components, and recycling. Through our green IT strategy, MDIT will help assure that Michigan's unique natural environment will be sustained for future generations.

Building strategic partnerships and assuring best value purchases require an IT procurement workforce that is professionally trained and motivated to make the best use of taxpayer dollars. Investing in professional certifications and customer-focused training programs will give staff the tools they need to work successfully with customers and suppliers. IT Standards and Contract Management will be the leading edge in terms of government procurement offices.

Our action plan for the next three years is ambitious, but with a focus on the core values of excellence, inclusion, integrity, innovation and teamwork, we will lead the way in strategic IT portfolio management. Expanding our partnership to include Michigan's local government IT needs will not only provide better value from economies of scale, but also further the goals of a connected Michigan, allowing the use of common tools to enable citizen access to government services any time and from any place. We invite you to read the following pages to get a better understanding of how we will be putting our plan into action.

Background

Services Portfolio Management

The 2006 Auditor General audit of statewide information technology contracting practices of DMB and MDIT reinforced MDIT's IT contracting efforts to strengthen management of the state's IT contract portfolio. Work statements and business requirement templates were created to standardize methodologies, procedures, training and project management in a system known as the State Unified Information Technology Environment (SUITE) model. The work statements and business requirements were then scrutinized and tightened before requests for proposal were allowed to be published for bid. Tools to promote better vendor management techniques and documentation of contract management practices were developed. A standardized template for assessing contract risk and associated risk management strategies was designed. As we move beyond the design and publication of templates and processes, project and contract manager education and process quality control efforts will be key elements in our success. We will continue to ask for input from our internal and external partners to improve our management processes.

Commodity Procurement

IT commodity procurement is focused on building a trust relationship with customers, accommodating agency business needs while enforcing enterprise standards as they emerge. To maintain that level of trust, feedback is continually solicited from customers and when necessary, action is taken to remedy concerns. Key customer feedback indicated that IT procurement takes too long and, without a consistent tracking tool, a black hole perception prevails. In 2007, the Standards and Contract Management Office took action. First, a focus group was formed to identify specific "pain points" experienced by both internal MDIT and agency staff related to IT procurement. Next, an in-depth study examined over 1300 purchases to determine what desktop commodities were being requested, how long each step of the process took and how each step was tracked. The results of the focus group and records study gave us a baseline from which to design improvements. As 2008 begins, we are beginning the rollout of a Web-based request and tracking system that will speed up the IT procurement process and allow customers to track the status of their requests from initiation to installation.



The Organization

Changing the methods used to improve IT procurement led to a change in the organizational structure. Rather than two staff sections separated by commodity and services procurement, the staff was organized into teams providing total procurement and portfolio management services to assigned groups of agencies. With complete integration scheduled for 2008, the team concept promotes a big picture approach to satisfying the needs of each agency and assures that agency needs can be met using the resources of the team. MDIT portfolio management teams will help assure compliance with the SUITE model and emerging enterprise architecture standards. Additionally, a small support team focused on design, development and implementation of new tools and staff training will improve the consistency of services provided. Support team efforts in 2008 will expand to outreach and training of other MDIT and agency staff on the new tools and processes.

Goals and Objectives

Mapping IT procurement goals to the six goals in the state's IT Strategic Plan clarified our direction for the coming years. By focusing on our vision of partnership and excellence, we will accomplish our objective to make the right purchases at the right time with the right results.

Goal 1: Provide excellent IT portfolio management services

- Formalize IT investment planning and management activities
- Adopt best practices for government IT portfolio management
- Formalize project and portfolio management processes
- Develop and implement quality assurance processes for consistency of portfolio management and alignment with the SUITE model
- Refine contracting processes to provide seamless, transparent services
- Train MDIT and state agency contract administrators on effective IT project management techniques

Goal 2: Develop innovative IT process improvements

- Implement paperless, Web-access purchasing for IT commodities, maintenance and services, furthering the goal of empowering a mobile workforce
- Delegate standard IT commodity purchases to state agencies through Web-based ordering with post-audit reviews
- Work with DMB's Purchasing Operations Office to objectively assess the correct procurement method for small, large and proprietary purchases
- Review current MVP, Re-Start and MIProject contract vehicles with the goal of implementing contract vehicles that are efficient, effective and align with IT strategic goals
- Implement streamlined leasing options to obtain desktop equipment
- Reduce overall processing times for IT commodity procurement by 30 percent
- Continue and expand the use of focus groups to improve customer satisfaction, our processes and our strategic direction

Goal 3: Continually improve our stewardship of public funds designated for IT portfolio management

- Implement technology lifecycle roadmaps and invest appropriately
- Use strategic sourcing methodologies and tools for technology purchases
- Implement risk assessment strategies that align contract award and management activities to the risk associated with each project
- Statement of Work and business requirement templates tied to level of risk
- Selection processes and contract language tied to level of risk
- Analyze maintenance purchases, seeking low cost, bundled solutions wherever possible
- Structure IT commodity contracts to take advantage of supplier sales, special volume discounts and vendor-managed reporting
- Monitor vendor performance and take actions as appropriate to assure value is received for dollar spent
- Access federal or local government contracts when better pricing opportunities exist
- Create contract vehicles that further our goal of moving from time and materials to fixed-price engagements

Goal 4: Michigan-a green IT state

- Require successful bid of IT commodity contracts to include eco-friendly bulk packaging, recycling/reclamation of aged components and energy-efficient IT desktop equipment
- In partnership with IT vendors and MDIT's infrastructure management, design and implement a green IT server procurement program
- Replace paper-reliant processes and files with paperless, online processes and procedures

Goal 5: Build strategic partnerships

- Regularly hold programs to educate vendors on state strategic IT direction
- Provide a forum for vendors to showcase new and emerging technology
- Share lessons learned from Michigan's experience in consolidating IT procurement
- Actively encourage participation by all groups of vendors in IT bids
- Collaborate and plan with local governments and non-profits for shared purchasing power
- Collaborate with our customers to forecast, plan and implement timely solutions
- Seek partnerships with private vendors, educational units and other Michigan governmental units to share IT facilities and services

Goal 6: A professionally trained, motivated IT Standards and Portfolio Management workforce

- Provide staff training to become professionally-certified contract administrators
- Empower staff to own and manage their portfolios
- Promote staff ownership of the procurement process to ensure complete customer satisfaction utilizing proactive measures to resolve issues
- Encourage partnerships with other areas of the department that provide links to the services provided in procurement; i.e., depot and field services
- Recognize outstanding results
- Work toward Capability Maturity Model Integration (CMMI) contract administrator certification for staff

Projects

ITRAC (Information Technology Resource Acquisition for Commodities) is a project currently being implemented statewide, with full implementation slated for Spring, 2008. ITRAC replaces three existing paper forms and numerous spreadsheets with a standardized, web-based request, approval and tracking mechanism for ordering IT commodities. In conjunction with implementation of ITRAC, MDIT procurement has revamped its internal processes to greatly reduce dependence on copying, scanning, paper files and cut and paste signature processes. The user experience with ITRAC encourages the ordering of standard commodities and bundles. Implementation at the agency level includes web-based training to reduce the need for travel dollars and time. Expansion of the ITRAC model to maintenance and services will further the goal of a connected, mobile work force. Expansion to include all forms of IT procurement requests, with associated agency and MDIT electronic workflows, will be in place in 2009.

Information Technology Resource Acquisition for Commodities (ITRAC) System

A web application for requesting and tracking IT commodity requests was recently rolled out. The ITRAC application includes features such as drop-down menus for commonly purchased products and their current prices, options to receive e-mail status alerts from initiation to installation, and optional paperless processing.

ITRAC consolidates information requirements and requesters will be able to use searchable fields to find and review requests. Electronic attachments and agency notes fields are also functions of the application. Requests can be printed or e-mailed at the touch of a button.



C-TRAK (Contract Tracking System) is a project that is currently in the initiation phase at the Michigan Department of Transportation (MDOT). C-TRAK is a web-based contract administration module incorporating workflow and document management throughout the complete lifecycle of service contracts. C-TRAK will replace various standalone and disparate contract tracking tools and consolidate all IT service contracts into one database. MDIT will leverage this tracking tool after rollout at MDOT. C-TRAK will make information regarding service contracts available to all state employees throughout Michigan. Business partners, such as vendors, federal and local government agencies, legislative groups, and the like, will have limited access. This first module will be later integrated into a full e-procurement solution.

Contract Improvements - MDIT is implementing recently developed tools to assess and manage risk associated with large or complex projects. Risk assessment tools will be used in combination with business requirement templates to structure contract work statements that result in contracts that better protect the state's interests.

Metrics and Measures

Measuring the success of a support organization is largely dependent on the customer feedback related to specific projects. However, it is important that wherever possible, baselines for service delivery be established, and progress measured against the baseline at regular intervals.

Goal 1: Provide excellent IT portfolio management services

- Formalized IT investment planning and management activities by 2009
- Formalized project and portfolio management processes by 2008
- 100% continuity of service (no expired contracts, late PO's, insufficient dollars to pay for services or expired maintenance) by 2010
- Establish and publish service level metrics for procurement by June 2008
- Increase enterprise contracting by 10%:
 - 2008 – 3% increase
 - 2009 – 4% increase
 - 2010 – 3% increase

Goal 2: Develop innovative IT process improvements

- 100% of purchase requests are submitted via Web-based applications by 2009
- A minimum of two desktop leases are executed each year for state agencies by 2009
- 80% of commodity purchases are made within two days of authorized approvals by 2009

Goal 3: Good stewards of public funds designated for IT procurement

- Implement technology lifecycle roadmaps and invest appropriately (Ongoing)
- Strategic sourcing methodologies and tools used for technology purchases by 2009
- Seek best prices through volume purchasing (Ongoing)
- Most-favored-nation language is included in all contracts (Ongoing)
- Contract rate structures are reviewed at least once during a multi-year contract period beginning in 2009
- All contracts over \$1 million will have formalized business case documentation by 2009

Goal 4: Michigan-a green IT state

- At least two paper procurement processes will be converted to electronic applications by 2010
- All commodity contracts will have eco-friendly packing requirements by 2011

Goal 5: Build strategic partnerships

- Conduct or participate in at least two vendor forums designed to increase participation by all Michigan vendor groups – one in 2009; another in 2010
- 20% increase in local government utilization of state IT contracts
 - 2008 – 6% increase
 - 2009 – 6% increase
 - 2010 – 8% increase
- 40% increase in the number of vendors bidding on state IT contracts by 2012.

Goal 6: A professionally trained, motivated IT procurement workforce

- All contract staff certified in professional IT procurement by 2009
- Post work output statistics monthly, with high performers recognized at quarterly staff meetings, beginning in 2009
- Results of customer feedback surveys show a 90% “good” or higher service satisfaction level by 2009