

DFA Arkansas Department of Finance and Administration

State of Arkansas

eProcurement — Procurement Support: Vision, Imperatives and Gap Analysis Day 1 – Vision and Imperatives

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April 25, 2018

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Introduction

Focus and Approach for this Session

Workshop Purpose and Objectives

■ Purpose:

- Present findings regarding understanding of Arkansas Office of State Procurement (OSP) future state business model vision and imperatives
- Facilitate discussion to ensure a consensus on AR's OSP eProcurement Business Strategy, Requirements and Approach aligned with the future state vision and imperatives
- Leverage results of this phase of the Project to support business case and drivers for the eProcurement Request for Proposal (RFP)

■ Objectives:

- Agree on the OSP future state vision and imperatives in support of the eProcurement procurement effort and identify measures of success for the future eProcurement solution
- Identify any gaps that exist and discuss the efforts necessary to finalize the Vision (Business and Technical Imperatives) for the RFP
- And, in tomorrow's session:
 - Identify the gaps in currently defined requirements and efforts necessary to finalize requirements to ensure AR readiness to go to market for eProcurement
 - Agree on the priorities for the eProcurement RFP

Summary of Scope of Work

Two Phase Approach

Validate Drivers, Benefits and Requirements to be Included in the RFP – including:

- > Vision and Business Case
- > Business Drivers, Benefits and Imperatives
- > Technical Implications and Constraints
- > Functional (Business) Requirements
- > Non-functional Requirements - Technical and Performance Requirements (including ERP Integration and Solution Service Levels)

Life Cycle Procurement Support

- > RFP Outline
- > RFP and Response Templates
- > Procurement Library
- > Evaluation Process and Tools
- > Define Proposal Review Team(s)
- > “Just in Time” Training Proposal Review Team
- > Proposals Evaluation Support
- > Negotiations Support

Workshop Outline – Day 1

- Overview of Project Approach and Introduction to Today’s Session
 - *This section includes: Purpose and Participants’ expectations*

- Vision, Drivers, Benefits and Key Performance Indicators Discussion
 - *This section includes: Findings and discussion of Arkansas’ envisioned future state procurement landscape; eProcurement Key Drivers; and, success metrics (including expected business outcomes) for the eProcurement Project – Including Gaps to be addressed*

- Business and Technology Imperatives, Goals and Priorities Discussion
 - *This section includes: Discussion of set of efforts and success factors necessary to finalize the Vision (Business and Technical Imperatives) as well as goals and priorities for the eProcurement RFP*

Workshop Outline – Day 2

■ Readiness to Go To Market:

- Business, Functional, and Non-Functional Requirements and RFP (Procurement) Process Gaps Discussion
 - *This section includes: Discussion on the state of readiness of workflows and functional and non-functional requirements aligned to the future state vision and imperatives for the eProcurement Solution*
- Approach to resolving Outstanding Gaps:
 - *This section includes: Discussion on efforts necessary to finalize work flows and requirements to ensure AR readiness to go to market for eProcurement including potential assignments and timeline implications*

■ Next Steps

Key Informant Interviews — Key Findings

Key Informant Interviews — Key Findings

- “Pain Points” shared by most informants include —
 - A lengthy procurement cycle as a consequence of oversight overhead. For example, the State has many legislative mandates that affect all manual and automated financial and procurement processes in AASIS (SAP), and require workaround processes to achieve the legislation intent, (e.g., Act 557 requires multiple levels of review and sign-offs from both the Governor’s Office and the Legislature – see Appendix – Arkansas Procurement Rules for more examples)
 - Labor intensity due to lack of automation and standardization of the procurement process
 - Redundant data entry and manual efforts due to limited integration of existing siloed applications and technologies with AASIS
 - The eProcurement effort is seen as an opportune time to —
 - Establish clear and consistent procurement processes across the State, and align procurement practices with the State’s business development goals and relationship with the vendor community
 - Define the organizational, policies and procedural changes that will be required to fully adopt the eProcurement solution effectively
 - Move from paper and labor intensive forms and processes to more robust self-service for State agencies, buyers and vendors, resulting in more transparency, improved efficiencies and increase in vendor participation
 - Establish efficiency in workflow and approvals through streamlined electronic workflow processes
 - Utilize common auditable statewide business rules that apply to all agencies and users while supporting unique rules for each buying organization
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Key Informant Interviews — Key Findings, Cont'd.

- The eProcurement effort is seen as an opportune time to (cont'd) —
 - Move from basic after the fact reporting to as real-time as possible performance and predictive decision support to better analyze procurement spend and procurement and contract life cycle dashboards
 - Implement end-to-end process integration of the full procurement life cycle including seamless integration with the State's ERP, AASIS – seeking to reduce duplication, conflicts and lower the costs in time and people for a procurement effort
 - Implement fully automated processes to lower overall procurement costs, and consider exceptions for disadvantaged and small vendors with bandwidth limitations
 - Strengthen the coordination between DFA, OSP and partner Agencies, and with the vendor community
 - Implement robust capabilities for alerts and notifications throughout the procurement life cycle – internally and with the vendor community such as contract opportunities, historical contract and bidding information, State news and information

The Arkansas eProcurement Future State Vision

The driving forces, the vision and anticipated benefits of eProcurement for AR

Office of State Procurement Mission

The mission of the Office of State Procurement is to serve the citizens of Arkansas by ethically, efficiently and transparently procuring quality commodities and services for the State of Arkansas.

The Office of State Procurement (OSP) has primary responsibility and oversight for the State wide procurement of commodities, technical and professional services for all state agencies, boards and commissions and colleges and universities. OSP provides training in the Procurement Law, regulations and policies. Marketing and Redistribution, part of OSP, is responsible for the disposal of state surplus property and equipment.

Working Draft of the eProcurement Vision

- The eProcurement solution will focus on supporting a federated approach to procurement that enables each State agency to drive its own procurement efforts in alignment with State procurement rules and requirements and aligned with the agency's strategy and priorities
 - To support the State's procurement efforts OSP provides leadership, guidance, technology, tools, education, certification to promote best practice and oversight to ensure compliance with State procurement standards:
 - Procure a statewide eProcurement system that provides integrated and streamlined automation support for the State's procurement efforts that meets the needs of agencies and vendors supporting continuous improvement in:
 - Agility and responsiveness in making *Best Value* procurement decisions
 - Quality of data and procurement, and vendor and contract performance measures
 - Contract and Vendor Management Reporting and Analytics
 - Compliance with the State regulations
 - Efficiencies and effectiveness, as well as reduction in required labor and cost
 - The envisioned eProcurement Scope includes management of a number of procurement types including:
 - Commodities
 - Master Agreements/Contracts
 - Full Competitive Processes for Large Complex Procurements

Envisioned Procurement Types – Multiple Tiers (Working Draft) To Be Supported By eProcurement Solution

- **Tier 1 – Simple Commodity and Services** (Low dollar amount, complexity and risk), including Catalog establishment and maintenance (where appropriate), and Training and Certification of those responsible for Simple Commodities and Service procurements –
 - Consistent use of P-Card, Fuel Card, Travel Card
 - Leverage of @Marketplace Business offerings
 - Ensuring accountability, integrity and compliance
 - Provision of automation support through eProcurement and the State ERP, AASIS

Envisioned Procurement Types – Multiple Tiers (Working Draft) To Be Supported By eProcurement Solution Cont'd.

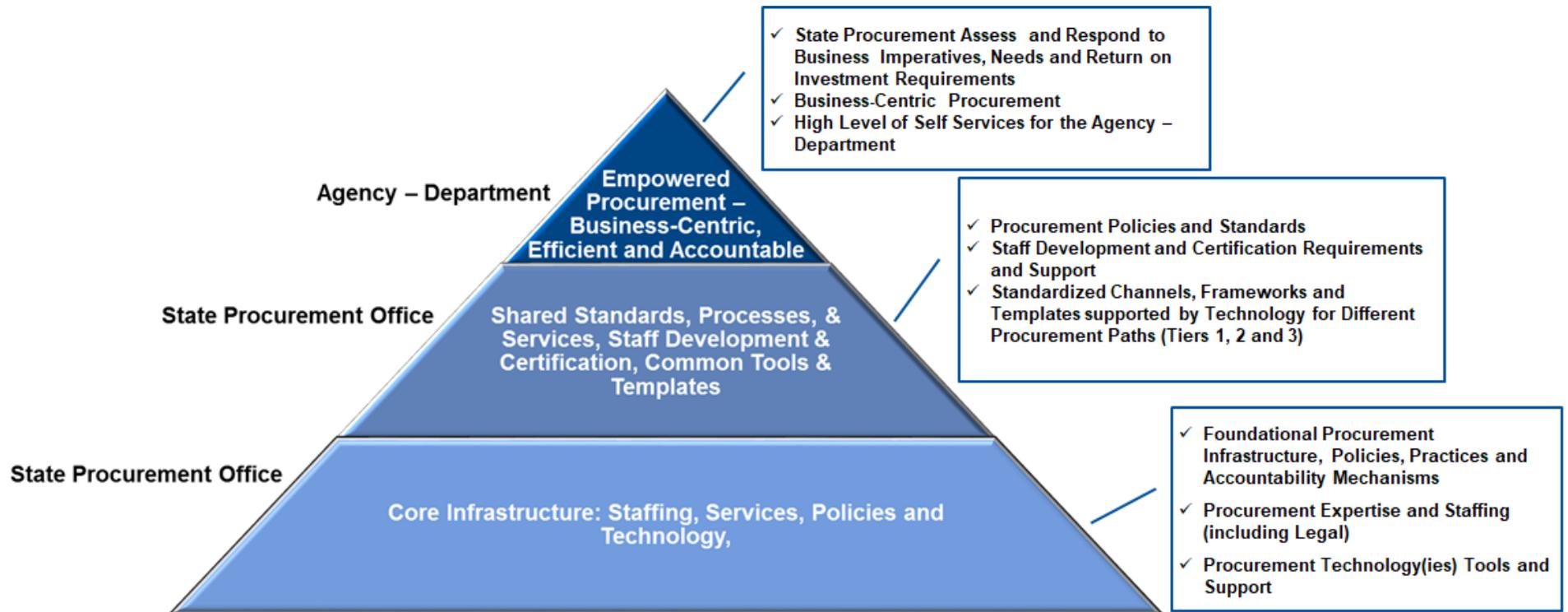
- **Tier 2 – State Contracts (medium dollar amount, complexity and risk)**, including identification of needs, categories, tracking and updating; and training and Certification for those State department staff supporting and managing State Contracts –
 - Establishment of procurement policies and processes, and solicitations to secure “pre-qualified” vendors
 - Provision of State Templates for leveraging Master Agreements and issuing Statement of Work to pre-qualified vendors
 - Creation of response templates for pre-qualified vendors, where appropriate, for responding to Statements of Work
 - Monitoring and technical assistance for State Departments in setting up and utilization of Master Agreements
 - Ensuring accountability, integrity and compliance
 - Provision of automation support through eProcurement and AASIS

Envisioned Procurement Types (Working Draft) To Be Supported By eProcurement Solution, Cont'd

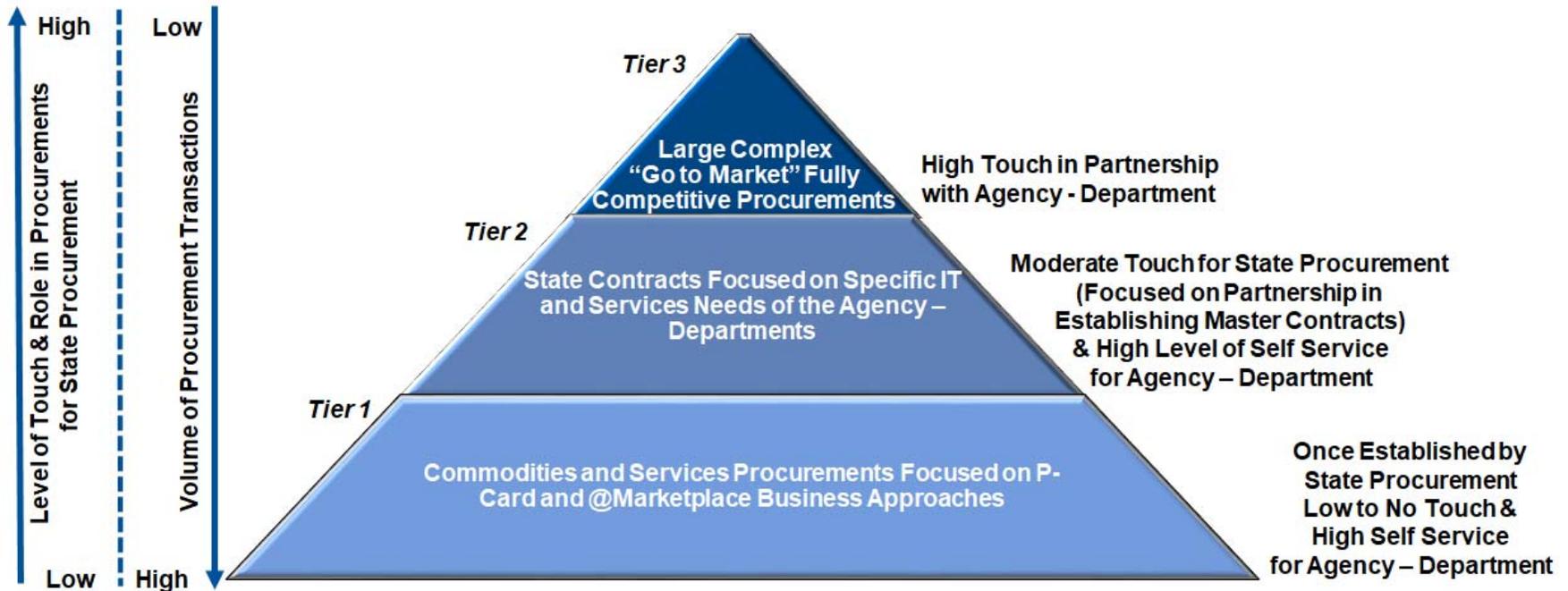
- **Tier 3 - Fully Competitive Processes for Large Complex Procurements (high dollar amount, complexity and risk)** including criteria or metrics for what is meant by large and complex procurements and training and Certification for those managing large complex procurements
 - Identification of procurement policies, processes and roles for partnerships, and managing the life cycle of large complex procurements
 - Provision of automation support through eProcurement and AASIS

Procurement Federated Model Roles To Be Supported By eProcurement Solution

- In the federated model, the agencies and departments continue to maintain responsibility for the direction, defined value and ROI for their procurement needs. Procurement decisions focus on the mission-critical and unique needs for the department or agency in fulfilling its mission and mandates



Procurement Federated Model – Level of End User Involvement To Be Supported By eProcurement Solution



The federated model focuses on improved standards and practices in providing a high level of self-service for the agencies and department to improve efficiencies, best value purchasing, reduction of costs and improving accountability and return on investments

Six New eProcurement Capabilities are Designed to Allow for Efficient Use of Staff Time and Management Capacity

1. Vendor Enablement

Automation of relationships with suppliers and creation of self-service tools

2. Catalog Establishment

Automation of establishing price lists and online shopping capabilities

3. Sourcing Management

Automation of the development, presentation, evaluation and conversion of solicitation events

4. Procure-to-Pay

Automation of need, review, sourcing, receipt, approval, payment and verification

5. Contract Management

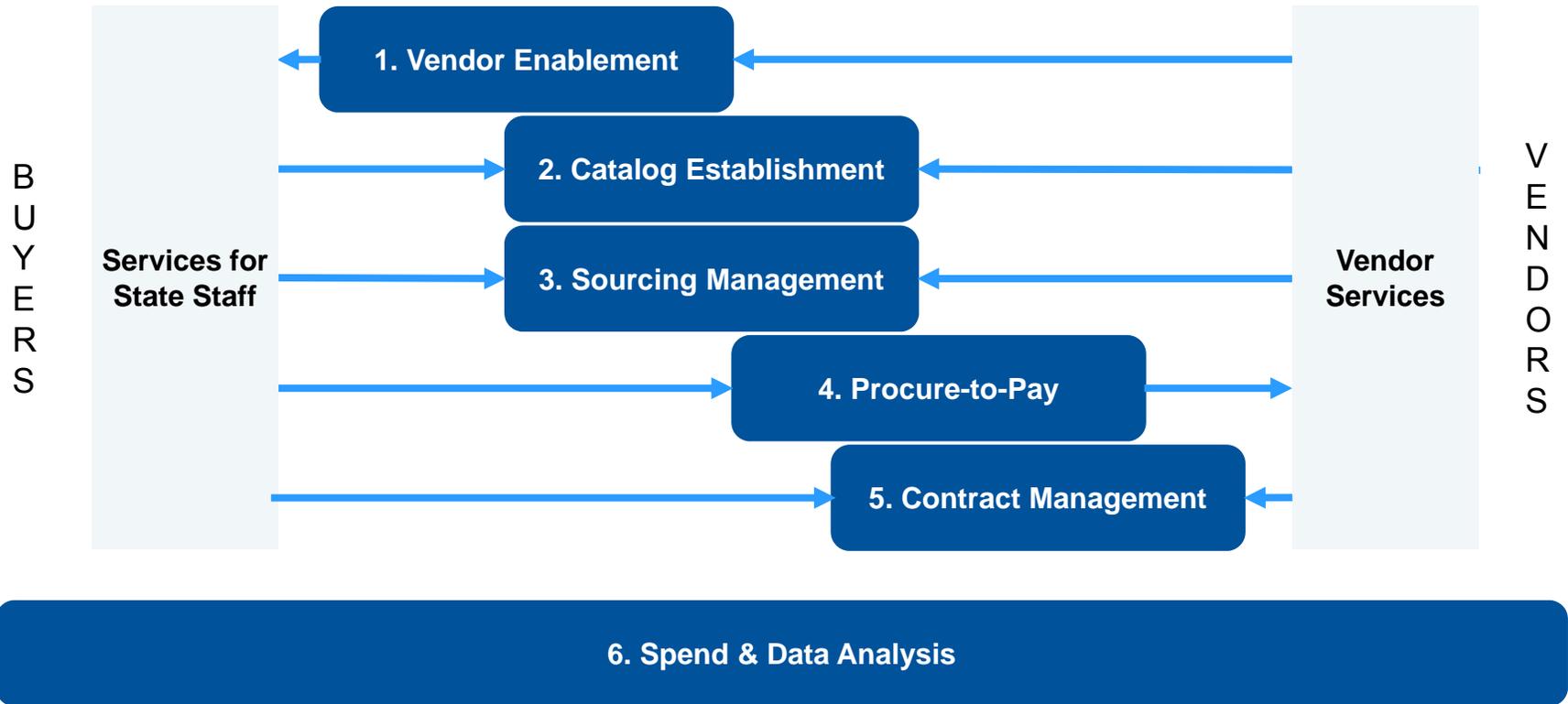
Automation of active contract management in a full and integrated lifecycle

6. Spend & Data Analysis

Automation of data collection and organization necessary to a strategic procurement practice

eProcurement Business Architecture

Six Capabilities and the Predominate Information Flows



Business Imperatives

Definition of Business Imperatives

- Business imperatives are those efforts that the OSP eProcurement team **must take on to be successful** in the execution of the eProcurement strategy
- Business imperatives are articulated as a response to external and internal forces:
 - Examples of External Forces include:
 - Changes in the regulatory environment including new State mandates
 - Requests by OSP agency and vendor partners or changes in programs or workflows and the level of service
 - Advances in technology that allow or require changes in business processes
 - Changes in the demand of OSP services and support
 - Examples of Internal Forces include:
 - Changes in OSP business strategy
 - Changes in the organizational structure
 - Changes in the workforce
- The identified business imperatives (described in this section) are key inputs to the eProcurement effort along with “gaps” needing to be addressed

Internal and External Driving Forces

- Procurement Transformation Initiative – multiple year activity to transform AR’s Procurement approach to increase efficiency, improve consistency in the application of State procurement policies and adopt best practices
- Increased Legislators and Governor’s Office oversight of large, high-risk procurements and compliance such as that resulting from Act 557
- Overall Procurement Spend is expected to grow in line with state government revenues and activities. There is a marked trend toward an increase in proportion of spending on services that may be driving an overall increased spend via the more complex procurement methods along with associated oversight
- Widespread frustration regarding excessive cycle time for developing and executing large competitive procurements and RFPs
- Inconsistency in knowledge, training, skills and qualifications of state purchasing professionals
- Difficulty in attracting, maintaining engagement with, and effectively managing vendors throughout procurements and contract terms
- Current systems gaps including:
 - No widely available usable and intuitive procurement automation systems (for state purchasing professionals and vendors) that can help with staying compliant with procurement policies
 - Limited automated access to pre-established procurement vehicles, master contracts and best practice T&Cs for high demand, critical services
 - Ability to provide useful Analytics is inhibited by:
 - Inconsistency and gaps in the application of spend categorization and coding of products and services being procured
 - Comparative spend analysis is at best labor-intensive (due to lack of tools), and at worst impossible (due to data quality issues)

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Summary of Business Imperatives

■ Customer Service Imperatives

1. State Staff Self-Service- system and support- making certified agency staff self-sufficient within defined limits aligned with a federated model for OSP's support of the State's procurement efforts
2. Vendor Self-Service – system and support for vendors access to and response to State procurements along with procurement life cycle tracking and status

■ Process and Cost Imperatives

3. Minimize Paper and Labor Intensity
4. Process Standardization and Simplification aligned with State Rules and Requirements
5. Procurement Strategy (including evaluation model and requirements alignment)
6. Best Value – Cost for Development, Deployment, and Maintenance and Operations
7. Process re-engineering and Mapping

■ Information Technology and Risk Reduction Imperatives

8. Integration Architecture and Integration with State ERP
9. Standardized Tools, Templates and Dashboards
10. Align with State Technology Standards
11. End-User Uptake and Training

■ Compliance and Business Transformation Imperatives

12. Clear and Transparent State Procurement Rules and Requirements
13. Procurement Governance
14. Vendor Adoption
15. Communication and Change Management Plans
16. Procurement Performance Management
17. Implementation Phasing

Business Imperatives, Implications and Go Forward Considerations

Customer Service Imperatives

Business Imperatives	Business Implications	IT Implications and Considerations
<p>1. State Staff Self-Service- system and support- making certified agency staff self-sufficient within defined limits and aligned with the Federated Model and procurement domains</p>	<ul style="list-style-type: none"> ▪ Align use of a variety of self-service capabilities with training and certification for each procurement type/vehicle (Commodities, Master Agreements/Contracts and Full Competitive Processes) as appropriate ▪ Provide a portal for state staff involved in procurements (requestors and approvers) to have role-based access to seamless automated processes to perform, manage, track and report procurement activities ▪ With improved automation expect demand will increase and cause increased need for help and support 	<ul style="list-style-type: none"> ▪ eProcurement Solution self-service systems to be provided on a platform that: <ul style="list-style-type: none"> – Facilitates standard desktop and mobile devices and web access – Includes role-based access management with single sign-on – Incorporates personalized dashboards for task prioritization, alerts and notifications – Integrates data to avoid multiple entry ▪ Build in rules to ensure compliance at the points of data capture and decision making ▪ Configurable workflow and integrated content management to maximize the degree of automation across processes ▪ Need capability to report on services provided and utilized in a flexible manner across agencies
<p>2. Vendor Self Service – system and support for vendors access to and response to State procurements along with procurement life cycle tracking and status</p>	<ul style="list-style-type: none"> ▪ Align use of a variety of self service capabilities with the federated model, procurement domains, vendor types and offerings ▪ Provide a portal for fair and open access for all prospective vendors, their staff, and their systems involved in responding to state procurement requirements 	<ul style="list-style-type: none"> ▪ eProcurement Solution self-service systems to be provided on the same platform as above ▪ Build in rules to ensure compliance at the point of data capture and decision making ▪ Electronic interfaces to facilitate vendor billing and reporting needs (via AASIS as necessary) and vendor supplied catalogs ▪ Need capability to report on services provided and utilized in a flexible manner that incorporates vendor performance measures for integrated “one stop” usage

Business Imperatives, Implications and Go Forward Considerations

Process and Cost Imperatives

Business Imperatives	Business Implications	IT Implications and Considerations
3. Minimize Paper and Labor Intensity	<ul style="list-style-type: none"> ▪ Encompass end-to-end processes such that multiple and redundant paper documents and disjointed hand-offs are eliminated through the implementation of the eProcurement Solution aligned with defined procurement domains ▪ Implement data governance to share data effectively from single, authoritative sources 	<ul style="list-style-type: none"> ▪ Implement eProcurement Solution systems that maximize the use of processable “structured” data ▪ Integrate and index “unstructured” content objects (free text documents, images, etc.) fully into the eProcurement solution
4. Process Standardization and Simplification aligned with State Rules and Requirements	<ul style="list-style-type: none"> ▪ Adopt standards, and design processes to simplify steps across the federated model for all authorized procurement domains (Commodities, Master Agreements/Contracts and Full Competitive Processes) 	<ul style="list-style-type: none"> ▪ Build in rules to ensure compliance at the point of data capture and decision making
5. eProcurement Solution Procurement Strategy	<ul style="list-style-type: none"> ▪ Ensure eProcurement program governance is established at an appropriate level of authority ▪ Determine acceptable Solution and Implementation approaches ▪ Agree on full competitive process vehicles ▪ Identify functional and non-functional requirements and evaluation model ▪ Create a representative eProcurement proposal review team appointed by the governance structure and process 	<ul style="list-style-type: none"> ▪ Align Solution approaches based on State and technology standards, constraints and integration requirements ▪ Include subject matter experts in the proposal review team that can evaluate proposals with respect to both functional and non-functional requirements

Business Imperatives, Implications and Go Forward Considerations

Process and Cost Imperatives, Cont'd

Business Imperatives	Business Implications	IT Implications and Considerations
6. Best Value – Cost for Development, Deployment, and Maintenance and Operations	<ul style="list-style-type: none"> ▪ Take a holistic view of total life-time best value for the eProcurement solution ▪ Project phasing and pricing models can have a major impact on total life-time best value decisions 	<ul style="list-style-type: none"> ▪ Total cost estimates from vendors and other implementations validated by independent sources
7. Process Reengineering and Mapping	<ul style="list-style-type: none"> ▪ Enable transparency improvement, automated invoice payment and reconciliation, compliance with purchasing procedures and standard ▪ Document the Future State “Life of the Procurement” processes, information flow, and associated improvement opportunities in Lead Time, Quality, and Processing Time 	<ul style="list-style-type: none"> ▪ The Solution must be flexible and extensible to accommodate the changes required as a result of process reengineering efforts

Business Imperatives, Implications and Go Forward Considerations

Information Technology and Risk Reduction Imperatives

Business Imperatives	Business Implications	IT Implications and Considerations
8. Integration Architecture and Integration with State ERP	<ul style="list-style-type: none"> ▪ Comprehensive support of self-service requires integration with content services capabilities to include scanned documents that are key inputs to the discovery and approvals process ▪ End-to-end eProcurement needs to include the entire Procure-to-Pay process part of which will remain in AASIS (managed via integration) ▪ Analytics of spend, procurement and business development requires data aggregated from a number of sources ▪ Also important to integrate with vendor systems 	<ul style="list-style-type: none"> ▪ An integration middleware platform with minimal redundancy of tools and components that enable low-latency (“real-time”) integration ▪ Secured and protected in accordance with Arkansas Privacy and Security standards ▪ Single sign-on and role-based identity and access management ▪ Procurement-related financial transaction data and product/services master data will be managed by AASIS and utilized by the eProcurement solution via suitable integration mechanisms
9. Standardized Tools, Templates and Dashboards aligned with the Federated Model and Procurement Domains	<ul style="list-style-type: none"> ▪ In line with procurement simplification, deploy standardized processes and mechanisms consistent with often repeated procurements ▪ Policies to be interpreted and translated into specific process rules 	<ul style="list-style-type: none"> ▪ eProcurement solution components including rule-based “wizards” and workflow paths, metrics-driven dashboards, and partially prepopulated templates to create key process outputs

Business Imperatives, Implications and Go Forward Considerations

Information Technology and Risk Reduction Imperatives, Cont'd

Business Imperatives	Business Implications	IT Implications and Considerations
10. Align with State Technology Standards	<ul style="list-style-type: none"> ▪ Identify and adopt technology standards appropriate to the chosen procurement strategy and implementation approach 	<ul style="list-style-type: none"> ▪ Ensure only current proven and fully supported technologies are deployed ▪ To take advantage of readily available connections with vendors and consider cloud approaches within the context of state technology standards and procurement related legislation ▪ Deploy and configure technologies fully compliant with all privacy and security policies, standards and legislation
11. End-user Uptake and Training	<ul style="list-style-type: none"> ▪ Ensure User involvement, user support / communication, and proper user training ▪ Assign and deploy champions, change agents, and super users to facilitate successful solution uptake ▪ Provide appropriate online and classroom training ▪ Assure adequate level of training resources to ensure successful deployment 	<ul style="list-style-type: none"> ▪ Provision of online training should align with any state Learning Management System standards

Business Imperatives, Implications and Go Forward Considerations

Compliance and Business Transformation Imperatives

Business Imperatives	Business Implications	IT Implications and Considerations
12. Clear and Transparent State Procurement Rules and Requirements	<ul style="list-style-type: none"> Establish and apply a consistent set of simplified rules across all types of state procurements Make it easy for all state and vendor procurement staff to find and comply with the current rules that apply Incorporate the rule set in the certification program and support provided by OSP 	<ul style="list-style-type: none"> Build rules into the eProcurement solution to ensure compliance at the point of data capture and decision making Seek eProcurement solution systems including rule-based “wizards” and workflow paths, metrics-driven dashboards, and partially prepopulated templates to create key process outputs
13. Procurement Governance	<ul style="list-style-type: none"> Establish a structure for procurement governance that is in alignment with the federated approach to procurement and involved representatives of the various stakeholders involved This structure is chartered to manage and adjudicate all procurement rules, standards and exceptions 	
14. Vendor Adoption	<ul style="list-style-type: none"> Ensure key vendors’ e-Readiness Facilitate vendor adoption strategy and communication plan, education and effective benefits demonstration Ensure compliance to best practices with content and catalog management 	<ul style="list-style-type: none"> Ensure Solution is able to smoothly integrate supplier systems and technologies Pilot vendor systems’ integration around electronic exchange of Purchase Orders and Invoices

Business Imperatives, Implications and Go Forward Considerations Compliance and Business Transformation Imperatives, Cont'd

Business Imperatives	Business Implications	IT Implications and Considerations
<p>15. Communication and Change Management Plans</p>	<ul style="list-style-type: none"> ▪ The eProcurement program governance leadership must ensure that stakeholders at all levels are aware and understand the eProcurement efforts and how planned deployments will impact end users' work ▪ The communications and change management activities must deal appropriately with all of these groups, including creation of: Communication Plan, Participation Plan and Leadership Plan ▪ Must include executive, middle management and line leadership support. This will ensure business buy-in and ownership as well as ensuring that issues and problems are identified and dealt with quickly and efficiently 	<ul style="list-style-type: none"> ▪ Identify and emphasize early wins that demonstrate success ▪ Use all communication media and channels in a very targeted way to make the communications effective and efficient. ▪ Integrate with related initiatives

Business Imperatives, Implications and Go Forward Considerations Compliance and Business Transformation Imperatives, Cont'd

Business Imperatives	Business Implications	IT Implications and Considerations
16. Procurement Performance Management	<ul style="list-style-type: none"> ▪ Define Key Performance Indicators (KPIs) to measure procurement outcomes and manage program performance against strategic objectives and legislative mandates – example categories: <ul style="list-style-type: none"> – Procurement Spend – Standards and Policy Compliance – Procurement Value Realization – Responsiveness (cycle times and transaction levels) – Vendor Performance – Vendor Reach – Business Development (MWB, Printing, Environmental etc.) – Financial Reconciliation – System Usage (monitoring, surveys, changes) ▪ Encourage the capture of and quality assurance of data from a variety of sources that will enable outcome measures 	<ul style="list-style-type: none"> ▪ Ensure the eProcurement solution includes data that supports the KPIs either as the primary source or by interface from other systems (e.g., AASIS) ▪ Provide focused and managed visibility via provision of effective reporting and analytics to a broad audience including state and legislative staff at all levels, vendors, and the public (including special interest groups, the media and individuals) ▪ Establish infrastructure and analytical practices in such a way that procurement performance management can be evolved and extended in the long term

Business Imperatives, Implications and Go Forward Considerations Compliance and Business Transformation Imperatives, Cont'd

Business Imperatives	Business Implications	IT Implications and Considerations
<p>17. Phased Implementation Planning</p>	<ul style="list-style-type: none"> ▪ Arkansas's eProcurement Vision has very ambitious scope and set of goals, that will involve considerable change in the procurement processes used and the working lives of procurement staff across all agencies whether they are reordering a low-cost commodity or embarking on a major multi-million dollar competitive procurement for services ▪ This will only be possible in a number of focused phases spread over a number of years (remaining within the capacity of the Arkansas government to manage change) ▪ The nature and magnitude of the level of transformation being planned must be carefully shared and agreed within the procurement and management community to manage their expectations ▪ Prioritization and planning of the phases will involve decision making that should happen at the highest level and will need a variety of input: <ul style="list-style-type: none"> – Level of change (people, processes, transactions) – Cost and Benefits of planned change – Feasible sequencing based on interdependencies – Chosen solution and technology implications – Experience from other, similar implementations 	<ul style="list-style-type: none"> ▪ Seek input from bidding eProcurement vendors as part of the RFP including: <ul style="list-style-type: none"> – Details on the modularity and extensibility of the proposed solution and feasible approaches to implementation – Advice on the relative benefits and applicability of the feasible approaches – An implementation plan (based on the vendors recommended approach) at a prescribed level of detail – Costs at a component level including licensing or subscriptions at modular level and rate cards for services – References and experiences with other implementations that are relevant to the AR circumstances and their proposed solution and approach

Next Steps

Next Steps

Vision and Imperatives for the eProcurement RFP

- Workshop participants will be provided with a template to provide any written feedback regarding the the Vision, Imperatives and Implications discussed today
- Gartner will finalize these based on this feedback and the results will provide sufficient input for the basis of the introduction, background and business alignment description to be included in the RFP

Next Steps

Workshop Outline – Day 2

■ Readiness to Go To Market:

- Business, Functional, and Non-Functional Requirements and RFP (Procurement) Process Gaps Discussion
 - *This section includes: Discussion on the state of readiness of workflows and functional and non-functional requirements aligned to the future state vision and imperatives for the eProcurement Solution*
- Approach to resolving Outstanding Gaps:
 - *This section includes: Discussion on efforts necessary to finalize work flows and requirements to ensure AR readiness to go to market for eProcurement including potential assignments and timeline implications*

Appendix - Arkansas Procurement Rules

Arkansas Procurement Rules

- Ark. Code Ann. § 19-11-211 states that “Every contract . . . imposes an obligation of good faith in its performance or enforcement.”
- Ark. Code Ann. § 19-11-203(14)(BB) describes commodities and services related to proprietary software (e.g., technical support, renewals, additional copies, and license upgrades) that are exempt from the competitive procurement process.
- Ark. Code Ann. § 19-11-229 states that when competitive bidding is used, public notice inviting bids should be given 5 to 30 calendar days preceding the date for the opening of bids and provided at least once in a statewide newspaper or via electronic means.
- Ark. Code Ann. § 19-11-249 authorizes the State to participate in cooperative purchasing agreements, which allow a governmental entity to use an existing purchasing agreement established by another governmental entity, either within the State or outside the State, to contract with a vendor.
- Ark. Code Ann. § 19-11-265 requires that all contracts for technical and general services in the area of information technology (IT) in excess of \$100,000 be presented to Legislative Council for review.

Arkansas Procurement Rules, Cont'd

- State Procurement Rule R8:19-11-230(a) allows negotiations regarding competitive proposals to be repeated with a second respondent, when time permits, if an agreement with the first respondent cannot be reached.
- State Procurement Rule R8:19-11-230(b) requires that the purpose and objectives of negotiations regarding competitive proposals be documented.
- State Procurement Rule R1:19-11-232(b) states that sole source procurements are allowed only if an agency provides written documentation establishing that only one source exists for the desired product or service; otherwise, the competitive bidding process should be used.
- State Procurement Rule R1:19-11-233(d) states that an emergency procurement request must establish that other procurement methods would "endanger human life or health, state property or the functional capability of the agency."
- A Legislative Council memorandum issued in January 2015 requires agencies to report to Legislative Council expenditures related to cooperative purchasing agreements.

Arkansas Procurement Rules, Cont'd

During the 2015 Regular Session, the General Assembly enacted Act 557, effective August 1, 2015, to address the need for reporting and review of state contracts. Act 557 requires that Legislative Council or Joint Budget Committee review:

- Contracts of \$100,000 or more with technical and general services, including all amendments and extensions, before execution of the contract.
- Contracts for professional and consulting services of \$50,000 or more.

Additionally, contracts between \$25,000 and \$100,000 for technical and general services and between \$10,000 and \$50,000 for professional and consulting services shall be reported monthly to the Legislative Council or Joint Budget Committee. Likewise, purchases made under cooperative purchasing agreements shall be reported quarterly to the Legislative Council or Joint Budget Committee.

On April 30, 2015, the Office of State Procurement (OSP), a department within DFA, issued the following new procurement requirements:

- Procurements with total projected costs above \$1 million must be approved by the Governor.
- IT purchases with total projected costs above \$100,000 must be approved by the Department of Information Systems (DIS).

These requirements also specify coding in AASIS for purchases above \$10,000.

Arkansas Procurement Rules, Cont'd

- **Arkansas Constitution - Amendment 54: Purchase of Printing, Stationery and Supplies.**

- Section 1. *Contracts given to lowest responsible bidder.*
- The printing, stationery, and supplies purchased by the General Assembly and other departments of government shall be under contracts given to the lowest responsible bidder, below such maximum price and under such regulations as shall be prescribed by law. No member or officer of any department of government shall in any way be interested in such contracts.



Arkansas Department of Finance and Administration

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