GEORGE CRONIN
★ awards for ★
Procurement Excellence

NASPO
National Association of
State Procurement Officials

Cronin
Submission Booklet

The Cronin Club

George Cronin
Massachusetts
1947

F. Carl Anderson
Pennsylvania
1948

Franklyn Adams
Rhode Island
1949

P.T. Peterson
Minnesota
1950

Frank Free
Vermont
1951

William Stevenson
Minnesota
1952

Blaine Yoder
Nebraska
1953

John Bush
Ohio
1954

J. Stanley Bien
Michigan
1955

C.L. Magnuson
Connecticut
1956

Charles Byrley
Kentucky
1957

Ira Baker
Oklahoma
1958

John Dyer
Maine
1959

Lacy Wilkinson
Colorado
1960

Franklin Pierce
Tennessee
1961

E. Guy Martin
Louisiana
1962

Henry Knouft
Kansas
1963

Charles Sullivan
New Jersey
1964

Alan Vessey
Minnesota
1965

Francis Brooks
Nevada
1966

William Finnegan
Connecticut
1967

Hugh White
South Carolina
1968

John Ayers
Washington
1969

Thomas Blanco
Illinois
1970

John Short
Wisconsin
1971

Ramon Damerell
Oregon
1972

Frank Pennoni
Michigan
1972-73

Willis Holding, Jr.
North Carolina
1974

Gerald Geer
Washington
1975

Herman Crystal
New Jersey
1976

John Fisher, Jr.
Tennessee
1977

John Hittinger
Florida
1978

Homer Forester
Texas
1979

E.R. (Bud) Roon
Colorado
1980

Stanley Hanna
Maryland
1981

Hugh Carleton
Louisiana
1982

James Christiansen
Utah
1983

John Spath
New York
1983-1984

Jack Pitzer
Iowa
1985

Giulio Mazzone
New Jersey
1985-1986

Howard White, Jr.
Alabama
1987

Thomas M. Bostick
Georgia
1988

Edward J. Erxleben
Arkansas
1989

Wayne A. Casper
Arizona
1990

Robert J. Link
Alaska
1990-1991

William S. Warstler
Michigan
1992

Paula Moskowitz
New York
1993

N. Kent Rose
Alabama
1994

Douglas G. Richins
Utah
1995

Richard B. Thompson
Maine
1996

Donald G. Buffum
Mississippi
1997

Dugan Petty
Alaska
1998

David Gragan
Texas
1999

Gary Lambert
Massachusetts
Feb–July 1999

Richard Thompson
Maine
July–Sept 1999

Jan Hamik
Wisconsin
2000

Joyce Murphy
Missouri
Sept 2000-May 2001

Pat Kohler
Washington May–Dec 2001

Richard Thompson
Maine
Jan-Mar 2002

Denise Lea
Louisiana
Mar 2002-Sept 2003

George Street
Tennessee
2003-2004

John Adler
Arizona
2004-2005

Ellen Phillips
Massachusetts
2005–2006

Voight Shealy
South Carolina
2006-2007

Jeff Holden
South Dakota
2007-2008

Vern Jones
Alaska
2008-2009

Dianne Lancaster
Oregon
2009-2010

Greg Smith
Nevada
2010–2011

Ron Bell
Virginia
2011-2012

Carol Wilson
Connecticut
2012-2013

Dean Stotler
Delaware
2013-2014

Deborah Damore
Vermont
2015

Paul Mash
Utah
Jan-March 2016

Larry Maxwell
New Mexico
April 2016-2018

Past Gold Cronin Winners

2017 - Utah
ValuePoint Cloud Solutions
Procurement

2016 - Tennessee
Radio Equipment and Services

2015 - Tennessee
Tourist Development -
Marketing and Advertising

2014 - Virginia
eVA Mobile Apps

2013 - Mississippi
Procurement Transformation:
Driving Efficiency into Business
Operations

2012 - Oregon
Statewide Fleet Program

2011 - Oregon
Nationwide Lodging Services

**2010 — Minnesota &
Wisconsin**
Partnership Initiative

2009 — Oregon
Information Technology
Managed Service Provider
(IT MSP) for Hourly and
Project-Based Services

2008 — Ohio
Multi-State Procurement
of Unique Services

2007 — Minnesota
Spend Analysis System

2006 — New York (Classic)
Hazardous Incident Response
Equipment (HIRE)

2006 —Hawaii (IT)
Compliance Express
Program

2005 — Massachusetts
(Classic)
Envirocalc: Environmental
Benefits & Energy Cost Savings
Calculator for Purchasers

2005— Washington (IT)
WEBS: Washington Electronic
Business Solution

2004 — Illinois (Classic)
Transformation of
Procurement Performance

2004 — Arizona (IT)
SPIRIT: Automated
eProcurement System

2003 — Connecticut (Classic)
Weekly Information
Newsletter

2003 — Virginia (IT)
eVA Electronic Procurement
Solution

2002 — Alaska
Long Distance Learning

2001 — Idaho
Purchasing Modernization
Initiative

2000 — Utah
Vehicle Purchase Program

1999 — Ohio
Natural Gas Purchasing
Program

1998—Missouri
PC Prime Vendor Contract

1997 — Wisconsin
Advantis Credit Bureau Access
Program

1996 — North Carolina
Micro-Computer & Peripherals
Contract as Developed &
Managed on the Internet

1995 — 1994
None Selected

1993 — Minnesota
Document Management
System

1992 —Oregon
Vendor Information Program

1991 — Arizona
Contract for Abatement of
Underground Storage Tanks

1990 — New York
Contract for Electronic
Ballasts

1989 — Missouri
Pharmacy Service Contract for
Correctional Facilities

1988 — Kansas
Freight Management Systems

1987 — West Virginia
Natural Gas Contract

1986 — Alaska
Video - "A Better Way To Buy"

1985 — Missouri
Competitive Bidding of
Residential Rehabilitation
Services

2018 GEORGE CRONIN AWARDS FOR PROCUREMENT EXCELLENCE SUBMISSIONS

Finalists — Complete Nominations

Honorable Mention — Executive Summaries*

*Complete versions of the Honorable Mention Nominations will be posted on the NASPO.org website under "NASPO Awards"

Local Government Enablement Team

Submitted by State of Massachusetts
Operational Services Division

Synopsis

Eligible local governments, schools, and government authorities in the Commonwealth of Massachusetts have always had the authority to use Statewide Contracts for goods and services issued managed by the Operational Services Division (OSD).   Prior to 2014, their use was not promoted or directly managed by OSD. With the 2014 implementation of a new eProcurement solution, OSD recognized a unique opportunity to significantly expand access and usage by their non-executive customer base through increased outreach and marketing and the offer of a free online purchasing system. The establishment of OSD's Local Government Enablement (LGE) team marked the beginning of a highly successful and expansive effort to increase local government customer engagement with our non-executive branch customers, increase statewide contract spend, and embed the routine use of the new eProcurement system into major cities, small towns, and their school districts across the state creating substantial savings for all government entities.

Executive Summary

Eligible local governments, schools, and government authorities in the Commonwealth have always had the authority to use Statewide Contracts for goods and services issued managed by the Operational services Division (OSD). Prior to 2014, the use of Statewide Contracts by public entities   was not promoted or directly managed even though several contracts were being used by our non-executive branch customers. With the 2014 implementation of our new eProcurement solution, COMMBUYS, in the executive branch, OSD recognized a unique opportunity to significantly expand access and usage by our non-executive customer base through increased outreach and marketing and the offer of a free online purchasing solution. COMMBUYS functionality, including online catalog shopping and ordering, customized workflow to control and approve spending, detailed reporting and the electronic public record of all transactions, and bid posting and advertising, was not a luxury possessed by most of our local government entities, so the value proposition was high. The establishment of OSD's Local Government Enablement (LGE) team marked the beginning of a highly successful and expansive effort to increase local government customer engagement with our non-executive branch customers, increase statewide contract spend, and embed the routine use of COMMBUYS into major cities, small towns, and their school districts across the state.

Although the initial goal when creating the LGE team was primarily to aid interested local governments in the onboarding process of COMMBUYS, four years later, the group's duties and value has grown well beyond the initial scope and expanded into a combination of sales person, project manager, business process redesign consultant, local government procurement expert, and most importantly, a deepened relationship between OSD and local governments. LGE's three Regional Account Managers act as liaisons, showing local governments step by step how to stretch out tight budgets and maximize the value of each dollar spent. The LGE team

delivers maximum value to local governments by interviewing purchasing agents, making assessments on where cost savings can be achieved, and providing individualized purchasing recommendations. Many cities, towns, municipalities, schools, and hospitals are faced with limited staffing and the LGE team acts as a partner who provides services directly at their offices.

In FY18 alone, there were 3,911 municipal purchase orders for a total of $15,174,396 in Statewide Contract Sales. OSD is a self-funded agency that collects a 1% administration fee from vendors, and any additional revenue is distributed into the General Fund. LGE's successful year provided $151,743 in administration fee that goes straight into funding our agency's operations. The number of purchases orders and sales by LGE's eligible entities have steadily increased year over year since 2015.

COMMBUYS Municipal Purchase Order Data

	FY 2018	FY 2017	FY 2016	FY 2015
Municipal purchase order count	3,911	2,945	2,065	439
Municipal purchase order sales	$15,174,396	$10,615,848	$4,538,848	$1,163,375
Unique municipalities that issued a purchase order	72	67	49	21
Unique buyers	406	371	324	117
COMMBUYS registered communities	338	330	66	30

Local governments also utilize the bid posting function in COMMBUYS. The number of bid transactions, municipalities issuing bids, and unique buyers have increased year over year since 2015.

COMMBUYS Municipal Bid Data

	FY 2018	FY 2017	FY 2016	FY 2015
Municipal bid transactions	5632	2997	353	196
Unique municipalities that issued a bid	585	460	113	59
Unique buyers	773	579	110	49

The LGE team is an innovative way to inform, educate, and enable public purchasers to use COMMBUYS to purchase goods and services from our Statewide Contracts. Notably, LGE uses an agile management style, which consistently assesses the changing needs of customers and makes quick adjustments that contribute to successful outcomes. The LGE team concept could be adopted by other states either as a new stand-alone team, or by incorporating the best practice outreach and assistance methods through existing resources. OSD provides significant service improvement by creating a dedicated team that strives for long-term relationship building and personalized results for cities, towns, municipalities, schools, and hospitals state-wide. In the four years the LGE team has existed, public entity spend on SWC has increased by 1,204%, while achieving

demonstrated, significant cost reductions and savings. The intangible but important result of satisfied customers, who now have a partner in purchasing with the Commonwealth, cannot be overstated.

Innovation

OSD uncovered a need to enable local governments to use COMMBUYS and take advantage of significant cost savings by purchasing off of Statewide Contracts. To address this need, OSD created a new team to meet with local government decision makers face-to-face and provide individualized assessments and recommendations for cost savings. When the LGE team was created in 2014, OSD was unaware of any other state taking this personalized approach to local government procurement. Below are the top 4 initiatives that contributed to the creation of the new, results-driven unit that has had great success in a relatively short time span.

1. <u>Creating a Local Government Enablement Team</u>

The Account Manager role strategically identifies and targets municipalities, secures and schedules appointments, conducts customized COMMBUYS benefits presentations in the field, performs implementation analysis, creates an integration and rollout plan, and provides continued support. The LGE team quickly realized they would need to offer customized adoption services as every city and town has their own process and local rules and regulations which would need to be considered. The team is comprised of three Regional Account Managers and one Team Manager.

2. <u>Defining Roles and Duties</u>

OSD's three LGE Account Managers have assigned cities and towns. The Account Managers are dedicated to assist and oversee COMMBUYS implementation, training, marketing, and vendor involvement. During the work week (Monday through Thursday), each Account Manager is traveling within their coverage areas and conducting face-to-face meetings with procurement oversight decision makers; primarily Chief Procurement Officers or Equivalent (ex. Town Administrators). Meetings may be centered on COMMBUYS Enablement Activities, upcoming projects or purchases available through Statewide Contracts, general COMMBUYS or OSD inquiries, or bid posting questions. On Fridays, the entire Enablement Team is in the home office for internal meetings, administrative duties, and to plan for the coming weeks meeting by creating customized material and stocking up on OSD/COMMBUYS promotional material.

In addition to the daily activities detailed above, Account Managers conduct presentations, learning sessions, and interactive workshops at conferences, association meetings, and the MASSBUYS Expo (the largest government to business event in Massachusetts). Topics include OSD updates, FAQ discussion, and updates on State Legislation that pertains to OSD or Statewide Contracts.

3. <u>Creating a "Team Prospectus" and Supporting Collateral (samples attached)</u>
When the LGE team started to reach out to local government around the Commonwealth, explaining our role, responsibilities, and duties to potential clients was initially challenging since this type of role had never existed. We decided to create a detailed marketing piece to highlight and help clients understand and visualize the role of the LGE Group.

Our clients were always asking us the best way to know what goods and services are available on Statewide Contracts. To demonstrate the breadth of the Statewide Contracts that were available on COMMBUYS, we created a one-page Statewide Contract Reference Guide that has become one of the cornerstone marketing

resources of OSD. OSD's Training and Marketing departments have also developed a wide range of material to further support the LGE team.

4. <u>Leveraging a Customer Relationship Management (CRM) Database</u>

After four years of the LGE team being in place and leveraging spreadsheets, email, Word documents, and other Microsoft Office products to manage data, there was a need for a consolidated record keeping; as of July 2018, the LGE team along with the Marketing team are using SugarCRM. The system is intended to incorporate buyer contact information, log sales activities and client contacts, produce reports, analyze buying patterns, visualize sales cycle, and otherwise assist in marketing-related tasks.

Transferability

The on-the-road unit that has been deployed in Massachusetts has been met with great appreciation and measurable growth from local governments across the Commonwealth. We believe that other state agencies could adopt and implement any of our innovative outreach solutions and realize similar benefits that we have measured and observed. The LGE team concept could be adopted as a new stand-alone team, or by incorporating OSD's enablement methods into a current agency.

Some benefits of incorporating OSD's best practice outreach and assistance methods include: increased membership in their procurements system where applicable; sales growth in the contracts that organizations may leverage; increased leverage when negotiating prices on Statewide Contracts; and overall customer satisfaction, responsiveness and client-focused atmosphere that develops over time.

Service Improvement

The core of servicing local governments with varying procurement needs is a dedicated team focused on personalization and relationship building. By using COMMBUYS, local governments can post bids, request quotes, award bids, and make purchases from a centralized dashboard that doubles as a digital procurement file. As a result of the LGE team's hard work, there are both qualitative and quantitative results that benefit the local governments that partner with us.

1. <u>Quantitative Results</u>
   - 96% of cities/towns have been registered in COMMBUYS
   - Since 2015, year over year increases in the following:
     - o Number of Statewide Contract purchase orders placed in COMMBUYS
     - o Statewide Contract sales captured in COMMBUYS
     - o Unique municipalities that issued a purchase order
     - o Municipal bid transactions
     - o Unique municipalities that issued a bid
     - o Number of unique buyers
     - o Number of communities registered in COMMBUYS

2. Qualitative Results
   - Consistent positive feedback from local government officials after meeting and trainings
   - Referrals that local government procurement officers make to neighboring towns

- Being that relied upon connection and source between State and Local Government and Purchasing Associations
- Visibility, availability, and responsiveness to client questions and needs
- Increased purchasing power by expanding awareness and increased purchasing through Statewide Contracts

Cost Reduction

The LGE team strives toward providing best value to local governments. Since OSD is a self-funded agency, the services we provide are free to all public entities in Massachusetts. Hard savings are acquired through OSD's negotiated pricing, and the significant increases in Statewide Contract purchases year over year demonstrate that municipalities value our services. Local governments save on labor time by utilizing COMMBUYS, which keeps an electronic procurement record, generates sales reports, and allows users to solicit quotes, award vendors, and purchase goods and services in one place. Forming a Sourcing team, researching the market for goods and services, preparing an RFR, posting a bid, evaluating responses, awarding vendors, and managing contracts are time-consuming and laborious tasks. OSD and our LGE team saves hundreds of labor hours for cities, towns, municipalities, schools, and hospitals by managing the procurement process so they may quickly start saving on goods and services.

Some examples of cost savings include:
- Carver Public Schools saved over $15,000 on the purchase of ChromeBooks
- City of Worcester increased their vendor responses by as much as 30% by using COMMBUYS
- Bridgewater Raynham Regional School District was awarded grant money by responding to a grant opportunity posted in COMMBUYS
- City of Quincy is saving over 23% on office supplies by switching to Statewide Contract pricing
- City of Lynn will be saving over 20% on laser cartridge toners by switching to Statewide Contract pricing

Supporting Documentation

- LGE Prospectus
- Statewide Contract Reference Sheet

Continuous Improvement in Statewide Procurement

Submitted by State of Alaska
Department of Administration, Shared Services of Alaska

Synopsis

Driven by a budget shortfall and taking a page from the procurement offices at some of the largest employers in the state, the State of Alaska saw a golden opportunity to evaluate what they do in procurement and find ways to do it better and faster, freeing time to deliver more value and helping procurement shift from a transaction-based occupation to a strategic profession. Every process, form, approval, and policy was put on the table, and continuous improvement methodologies and techniques were put to work. The results of three improvement projects undertaken to date are compelling: driving wasteful practices from day-to-day work has returned literally years of time worth millions of dollars to procurement staff across the state. As a culture of continuous improvement is fostered, the desire of procurement staff to always be on the lookout for a better way to do something promises to continue long into the future.

Executive Summary

The State of Alaska's Statewide Contracting Office began introducing continuous improvement techniques into the procurement process in 2016. Driven by a budget shortfall and taking a page from the procurement offices at some of the largest employers in the state, we saw a golden opportunity to evaluate what we do in procurement and find ways to do it better and faster, freeing time for us to add more value—incredibly important as procurement shifts from a transaction-based occupation to a strategic profession. The idea that every process, form, approval, and policy that makes up our procurement process is always be on the table for improvement was adopted as we started introducing continuous improvement concepts to procurement staff at all levels.

Innovation - While continuous improvement techniques are not new and have been used in discrete procurement projects, front-line procurement staff learning the skills and applying them to the very foundation of what we do in public procurement may not be widespread yet.

Transferability - Continuous improvement techniques are very easily transferable. Many states already have a Lean or Process Improvement Office and resources that can provide training and materials. In states that do not have in-house resources, there are many nationwide and global resources for learning about continuous improvement and becoming certified.

Service Improvement - Adopting and fostering an environment of continuous improvement in procurement has led to tremendous gains in efficiency and service levels, discussed later.

Cost Reduction - Time is money and when you can transform a process and achieve a reduction in the amount of time that process takes, the savings can be enormous.

Innovation

Continuous improvement techniques and methodologies have been around for more than a century. While getting their start in the manufacturing world, the underlying philosophies are easily applied to business processes.

In public procurement, protests and controversies make our processes magnets for reactive "add ons" intended to prevent a certain situation from ever happening again. As a result, sub-processes, more approval levels, and other efficiency-killing policies accumulate and become the routine. While well- meaning and reassuring at the time, layers of mostly unnecessary burden are created for hundreds or thousands of employees over decades as they become the norm. Without anyone ever stopping to examine why they were created in the first place, we end up putting process before value. (As an aside, a huge benefit of fostering a culture of continuous improvement in procurement is that we touch so many other parts of government – the demonstrated successes spread the culture fast!)

To address the accumulation of wasteful procurement processes in the State of Alaska, continuous improvement techniques were introduced slowly and methodically to procurement staff over a year in three distinct phases.

First, informal Lean and kaizen training was arranged for internal Statewide Contracting Office staff. We picked small internal processes to improve and made immediate changes and demonstrated immediate positive results. As a team, we started explicitly encouraging an environment of asking, "Why?" and never doing something that seemed wasteful just because that how it was done before.

Next, the same informal training was presented to representatives from all 15 executive branch agencies. We asked them to tell us their biggest pain point with our office. Unanimously, a statutory process for gaining approval of non-competitive single source contracts was brought up. This became our first statewide project and the results are discussed under Service Improvement.

Lastly, we began scheduling larger, multi-day improvement events—with training interwoven into the content—to focus on major statewide procurement processes. The explicit purpose was to rebuild these processes in a transformational way and the results are a massive efficiency gains across the entire procure-to-pay-to-disposal process.

The innovation is introducing continuous improvement techniques to procurement staff, internal and external, in a thoughtful, deliberate way. This was accomplished by providing training and creating buy-in to help shift the culture from "Because that's what we've always done," to "How can we do it better?", with long-term goals to ensure the culture continues far into the future.

Transferability

The basics of continuous improvement are easily and cheaply learned, adopted, and taught to others and it can take very little to show small internal successes that can still yield big results, which can then be used to help kickstart a more comprehensive effort.

The continuous improvement rollout in the State of Alaska has required minimal funding and the funding

that was used was primarily for Lean Six Sigma coursework and certification for two key employees (using the NASPO Professional Development Fund).

For those states that have an in-state procurement training program, classes introducing procurement staff to continuous improvement tools and philosophies can be added to the curriculum to start the continuous improvement conversation in the procurement world. The State of Alaska has developed a class titled "Process Improvement Toolkit for Procurement Professionals" that will be rolled out in the fall of this year.

Service Improvement

Three procurement-related continuous improvement efforts are demonstrated below:
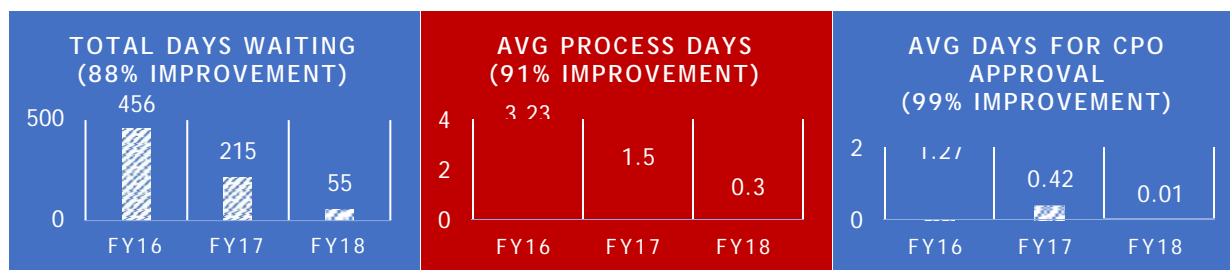
SINGLE SOURCE REQUEST PROCESS

Problem: Requests take too long to process and requests for more information are inconsistent

Root Cause: Lack of standards, paper form

Remediation: Developed guides, electronic form/approval process, eliminated redundant reviews

Direct Cost: $0

Results: Over a *year* of waiting—401 days—was eliminated from the process annually. This time is returned to program staff, agency procurement staff, and the statewide procurement office to pursue value-added activities. What once could take up to a month of back-and-forth is now accomplished in a matter of hours.

TOTAL DAYS WAITING (88% IMPROVEMENT)	AVG PROCESS DAYS (91% IMPROVEMENT)	AVG DAYS FOR CPO APPROVAL (99% IMPROVEMENT)
FY16: 456, FY17: 215, FY18: 55	FY16: 3.23, FY17: 1.5, FY18: 0.3	FY16: 1.27, FY17: 0.42, FY18: 0.01

LEVERAGING ALASKA'S E-PROCUREMENT SYSTEM

Problem: Inconsistent use of the statewide e-procurement system, not sharing best practices **Root**
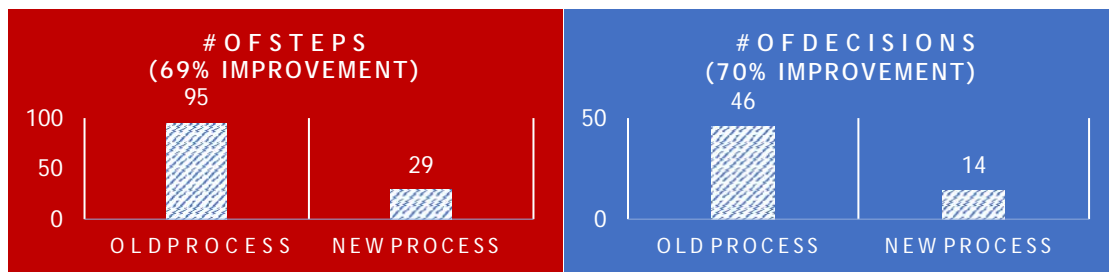
Cause: Not enough training provided, no requirement to use the system, no standard process

Remediation: Held weeklong process improvement event with representatives from 13 of 15 agency procurement offices and two accounting representatives. Examined current process, identified waste, created and agreed to adopt transformative future state process.

Direct Cost: < $1,000 for meeting space, materials, and snacks

Results: This event resulted in cross-departmental agreement to adopt a team-created standard

process that increased efficiency by nearly 70% and more fully leverages the state's investment in our e-procurement system. Implementation complete as of January 2018.

 # OF STEPS (69% IMPROVEMENT)

	OLD PROCESS	NEW PROCESS
Value	95	29

 # OF DECISIONS (70% IMPROVEMENT)

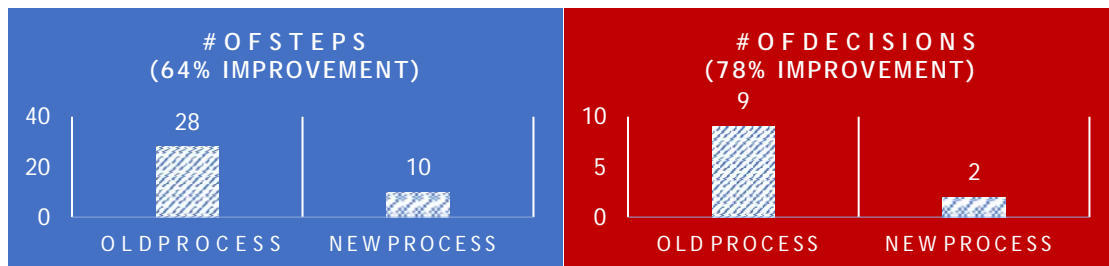|	OLD PROCESS	NEW PROCESS
Value	46	14

PROPERTY MANAGEMENT PROCESS

Problem: Getting rid of end-of-life property/equipment is cumbersome and takes too long

Root Cause: Many layers of paper approvals create bottlenecks in the disposal/surplus process

Remediation: Held 3-day process improvement event with representatives from 14 of 15 agency property management offices. Examined current process, identified waste, team created and agreed to adopt transformative future state process.

Direct Cost: < $500 for meeting space, materials, and snacks

Results: The primary result of this event was the creation of an online form that automated workflow of the approvals. Combined with reducing the levels of approval required, a -three-day process now takes around one hour.

 # OF STEPS (64% IMPROVEMENT)

	OLD PROCESS	NEW PROCESS
Value	28	10

 # OF DECISIONS (78% IMPROVEMENT)

	OLD PROCESS	NEW PROCESS
Value	9	2

Cost Reduction

The cost savings derived from continuous improvement initiatives are mostly indirect. We have calculated indirect cost savings for the three projects cited under Service Improvement below using the data cited under Service Improvement and a blended, fully-loaded hourly rate of $52/hour for the range of positions involved in each process. Keep in mind that successfully building a culture of continuous improvement will generate indirect cost savings daily as long as there are inefficiencies present!

SINGLE SOURCE REQUEST PROCESS	$207,025/annual savings

OLD PROCESS: 24 hours/transaction x $52/hour x 175 annual transactions = $227,500/year NEW PROCESS: 2.25 hours/transaction x $52/hour x 175 annual transactions = $20,475/year

$227,500/year - $20,475/year = $207,025 annual savings

LEVERAGING ALASKA'S E-PROCUREMENT SYSTEM	$1.2 million saved since July 1, 2017

OLD PROCESS: 32 hours/transaction x $52/hour x 900 annual transactions = $1.5 million/year NEW PROCESS: 10 hours/transaction x $52/hour x 900 annual transactions = $468,000/year

$1.5 million/year - $468,000/year = $1 million annual savings

The new process includes a built-in check to purchase from statewide contracts, increasing managed spend and associated savings. A 10% increase in managed spend over the past two quarters has generated an estimated *$240,000 in additional savings*.

PROPERTY MANAGEMENT PROCESS	$4.9 million/annual savings

OLD PROCESS: 22.5 hours/transaction x $52/hour x 4,400 annual transactions = $5.1 million/year NEW PROCESS: 1 hour/transaction x $52/hour x 4,400 annual transactions = $228,800

$5.1 million/year - $228,800/year = $4.9 million annual savings

Conclusion

Continuous improvement techniques and methodologies have a place in public procurement. As we roll out our Process Improvement Toolkit for Procurement Professionals course, we hope that it inspires students to pursue further learning about Lean, Six Sigma, and kaizen and adopt those philosophies in their day-to-day work in procurement. Two key staff in Alaska's Statewide Contracting Office pursued and obtained Six Sigma Black Belt certification in support of the continuous improvement culture shift in our state. Other statewide procurement staff who show an interest in pursuing similar certification will be encouraged and supported in their own continuous improvement journeys.

In short, as procurement professionals seek to add more value to projects, time must be freed up to do so. With so much time taken up by wasteful processes, continuous improvement tools—simple and complex—can help us achieve this goal. Simultaneously, we will realize immense time and cost savings while encouraging a culture of change for the better, all good things in our world.

Innovate OK: The Market of Government Innovation

Submitted by State of Oklahoma
Office of Management & Enterprise Services

Synopsis

Innovate Oklahoma leverages procurement authority to create a synergy for innovation. By utilizing Career-Techs outreach ability to engage and promote new businesses and technology to address government issues/problems, a new avenue for engaging the vendor community has emerged. The right sizing of solutions to problems provides tremendous benefits to the vendors by gaining experience with the State. The State certainly benefits from having a lower cost of adoption that would be incurred from larger more traditional vendors.

Executive Summary

A technology challenge familiar for many state governments is how to foster innovation without diverting funding of current citizen services. The advent of the internet's Software as a Service (SaaS) model provided an opportunity for the State of Oklahoma to become a leader in creating a program to promote modernization, service delivery and citizen engagement. The Innovate Oklahoma program provides a solution designed to solicit citizen input on the most pressing technology challenges facing our state and encourage local developers to create and implement software solutions to solve these problems. This web portal is the only place where citizens, technologists and government truly collaborate to ensure the success of IT development endeavors. Innovate Oklahoma serves as an example of originality in a state known for helping our neighbors for the benefit of the greater good.

Innovation

- Departs from Oklahoma's typical IT procurement and project process.
- Establishes value through unique citizen engagement proposition.
- Fosters collaboration by developing positive relationships with local technologists.
- Creates its own, proven, first successful project through the development of the innovation portal.

Transferability

- Predecessor project to The Society of Innovators in Government, a national marketplace which will be available to all states.[1]
- States will be able to implement immediately (one click) and without cost by joining the T-SIG.
- States can create an innovation portal of their own to foster local technical communities by

licensing the software Oklahoma has developed.
- States can grow their tech economy by encouraging and supporting the startup technology community.

Service Improvement

- Radically transparent process to citizens, technologists and state agencies at every stage.
- Ensures state agency collaboration and decision-making by involving them in all phases of development.
- Fosters a creative environment and partnership with local technical developers and community.
- Provides opportunities for local technologists to collaborate on state government challenges.

Cost Reduction

- Minimizes funding of third-party software development for state services.
- Reduces use of legacy technology that can be costly to support.
- Reduces cost exponentially of entry on new technology solutions with collective buying power of additional T-SIG states.

Innovation

Last year, *Forbes* ranked Oklahoma 47th in innovation, referring to our state's worst-in-the-nation graduation numbers for science and engineering graduates and abysmal research and development spending.[2] Oklahoma's eGovernment stance was only marginally better receiving a C grade in a 2014 Digital States Survey conducted by the Center for Digital Government.[3] To confront this problem, a new initiative was developed to foster interest in STEM, bolster in-state technology spend, and promote our local developer community.

Innovate Oklahoma provides an inlet for the public to share problems it would like the government to solve. Users can comment and vote on the proposals via social media, and teams with top ideas will be invited to collaborate with state government to develop solutions that can ultimately be purchased and implemented by the technology office.

Innovate Oklahoma creates value by working collaboratively to leverage the skills and knowledge of our citizens both for problem identification and solving our state's inherent challenges. The concept of open innovation, also called network innovation, was formerly known as the wisdom of crowds, or more colloquially, crowdsourcing. Crowdsourcing platforms, like Innovate.ok.gov can identify new and more efficient processes, unearth innovative technology solutions and build better relationships with brands and products. These methods have never before been used in our state. Technology innovation is not a typical part of a technology project when working with legacy and out-of-date technology. Legacy systems can continue in state government due to lack of funding, resources and time to update the out-of-date technology.

The launch of Innovate Oklahoma was the first successful challenge of the program. Tapzot is a collaborative limited liability company formed by several Oklahoma-resident technologists to meet the challenge of developing the software behind Oklahoma's innovation portal. And, just as the program promises to all future campaigns, Oklahoma state government employees were tightly involved with the site's design and development process, helping to ensure its success. At the launch, Governor Mary Fallin repeated a term which was coined by Patrick Fitzgerald an advisor on her Cabinet, when she announced with pride, "Oklahoma is on its way to becoming the silicon prairie of the heartland."

Transferability

A critical part of the program's success was the ability to implement solutions created from the program on a nationwide scale. The Innovate portal was designed to be used by other states.

Leveraging economies of scale model, the portal can help reduce the cost of the development of common software products through its purchase and use among multiple states. Many citizen-facing government services are moderately standardized across states, meaning minimal development would be required to repurpose one state's solution for deployment in another state. As software deployment reaches nationwide saturation, the customization to cover every possible need of a state that has uncommon needs should have already been addressed and implemented in the software.

The portal itself has already provided the first example of how inter-state demand will work. Tapzot, LLC, the development company behind the portal at Innovate.ok.gov, has already received numerous inquiries from other states, the private sector and higher education institutions. Because the portal was built by a third-party developer, states are able to participate in our SaaS contract and license the software to create their own portal to foster innovation in their region.

Interest in the foundational aspects of the program has been prevalent within other states, spurring the formation of T-SIG. This working group is designed to help facilitate adoption of the eGovernment Innovate platform and participate in the united development of its core functionality. Other states that join T-SIG can provision a technology marketplace of their own in a matter of seconds, with no additional cost or individual effort required. Member states will also participate in future changes of the Innovate platform and focus groups to improve the global portal's citizen/developer features and overall engagement.

Service Improvement

The very nature of a web-based portal for citizen feedback and technologist engagement is a level of transparency never before attempted in Oklahoma government. Additionally, a web-based portal for vendor response permits a truly democratic process of managing the software development company responses to citizen issues. Finally, STEM-focused state agencies will support the development of the project and each

new startup company.

i2E (Innovation to Enterprise) will help developers hone and market their products so other states and private companies can also take advantage of the work that comes out of the program. This helps ensure that great ideas can be turned into winning new startup companies that provide high tech jobs. Throughout the process, developers work with the state agency customer and OMES to provide continuous feedback to foster informed software application development at every stage. The aspects of managing application health and entrepreneurial health is an internal project management service level never before available to vendors that partnered with state government.

Cost Reduction

Oklahoma currently spends $170 million annually on technology professional services and application support. As the state updates its legacy technologies, countless opportunities exist for local technology startup companies to collaborate on state government challenges, creating innovation projects to find innovative solutions. The program model can minimize funding of third-party software development costs for state services and new IT projects and can slowly reduce the need for expensive legacy computer systems with every new application being developed.

OMES Director of Technology Services Dustin Crossfield emphasized the core problem, stating, "The legacy systems are what cost the state the most, because we have to call in techs to fix them so often."

With the involvement of other states and regions, and as awareness builds, Innovate Oklahoma can become a free market enterprise, with developers bidding on new software development projects creating a market for government innovation.

Conclusion

Innovate Oklahoma is directly aligned with the Oklahoma statewide IT Strategic Plan which demands a focus on the citizen experience, the requirement of the public sector employees to apply technology to improve service levels, and innovation as the central core to success. More importantly, the initiative serves as a paradigm for reengineering eGovernment services and revitalizing citizen-facing and state agency technology processes to automation, which will help position Oklahoma as a leader in technology innovation.

The Unrealized Transformative Power of Internally-Focused KPI's in Public Procurement

Submitted by State of Michigan
Department of Central Procurement, Division of Supplier Relationship Management

Synopsis

Believing that rigorously developed Key Performance Indicators (KPI's) will improve performance and customer satisfaction, the Michigan Central Procurement Services Division developed a map of KPI's to measure the Division's operation. The indicators were defined by staff and are tracked in the state's central database. Current results and trends are shown on a continuous loop on a TV in the agency's lobby. Selected KPI's include solicitation lead time, customer satisfaction, hard savings, contracts in place before current contract expiration, supplier performance and employee recognitions.

Executive Summary

Historically, good principles for private sector procurement have not always been implemented in the public sector. Considering the widely disparate goals in each sector, this makes sense. While good government stewardship is paramount and somewhat akin to the profit motive in the private sector, obtaining the best value for goods and services for the citizenry is certainly an altogether different animal.

Upon careful scrutiny, however, the value of employing certain best practices from the private sector in public procurement becomes manifest. In more recent years, trends in private industry procurement have moved away from pure profit maximization through traditional means (i.e., financial measures) towards a more advanced approach using metrics and more algorithmic analysis. In particular, the use of Key Performance Indicators ("KPIs") to measure seemingly less tangible factors has become standard across industries.

Of course, private companies typically use these KPIs to increase profitability. The State of Michigan, of course, has no profit motive, so how can KPIs be used effectively to achieve public procurement goals? The answer to that question is the basis for this submission.

As will be demonstrated, Innovation is the primary strength of this program. It does not appear to have been employed on a large scale anywhere in public procurement. This is certainly an area where effective implementation could have long ranging benefits for all public procurement. The high degree of Transferability is another strength. Written policy is easily transferrable, and efficacy statistics are

easily demonstrated. Further, the program was fully implemented with internal resources, and using existing standard software products.

By their very nature, KPIs are documented measurables that explicitly lay out the variables measured. <u>Service Improvement</u> is one of the key objects measured via several specific KPIs. This can be empirically documented with factual support. The resultant high level of mutual benefit is attractive to both suppliers and procurement. <u>Cost Reduction</u> is important and is certainly measured. However, this can admittedly be difficult to measure, as KPIs in these instances must be based on principled, intellectually honest metrics. Additionally, many of the KPIs discussed in this submission shy away from this sort of pure financial analysis. Ultimately, the State of Michigan steadfastly maintains that tangible financial benefits are a consequence of effective alignment of KPIs with clearly defined organizational strategy.

Innovation

KPIs are not a novel concept. Their implementation in public procurement is not necessarily novel either. However, most KPIs used in this context focus on the external performance of suppliers, including costs and quality of goods. The most commonly utilized KPIs within a procurement enterprise typically deal with cost savings alone. There is nothing wrong with this approach; the State of Michigan's Central Procurement Services division certainly measures and tracks these things and is constantly looking for new and creative ways to save.

It does not appear, however, that internally-focused KPIs have met with widespread acceptance in the realm of public procurement. Most can see the obvious intangible value in these sorts of measures. KPIs that measure speed, efficiency, work quality, etc. are useful, but attempting to discern measurable tangible economic value from these can be difficult. Perhaps that is the chief obstacle to more frequent implementation.

It would be easy to say that a government procurement entity has but one simple goal – deliver goods and services to its citizens at the best possible cost. Consequently, KPIs would measure cost savings over time and end use satisfaction. However, KPIs that just look at these two outputs only look backward and are not as useful for predicting future performance. To compensate for this, the State of Michigan uses a mix of leading (input-oriented, harder to measure but easy to influence) and lagging (output-oriented, easy to measure but hard to influence) indicators as KPI.

The State of Michigan measures performance using hard dollar savings and net promoter scores ("NPS"), a common private sector measure of customer satisfaction. Additionally, the State measures itself against service level agreement (SLA) timetables (a leading indicator of customer satisfaction), employee attrition rate (a leading indicator of both savings and customer satisfaction), and average supplier performance rating (a leading indicator of customer satisfaction) among others (For a full list, please see the 2018 KPIs attachment). Importantly, KPIs have been developed for every service area of Central Procurement Services. (Please see the attached Central Procurement Services Map).

Often, even when measured, KPIs are seen only by a select few executives and used for reporting purposes. The State of Michigan has taken several steps to ensure that every member of the staff sees and participates in the measuring of our KPI. First, the data that is used for KPIs is gathered directly from employees' work within the State of Michigan's central database, which also allows buyers (and their managers) to view their personal performance against the KPIs at any time. KPIs are also displayed on a large screen television in the front of the office, in a continuous loop that shows current results as

well as trends, which are updated daily. This allows both staff and visitors to view our performance at a glance. Lastly, the State of Michigan generates agency-specific reports (Please see the attached example agency (DNR) quarterly report for the 3rd Quarter FY2018) each quarter to show our agency customers how we are performing for them, as well as an overall quarterly report (Please see the attached FY2018 Q1, Q2 and Q3 Full Report).

Transferability

Employing a KPI-based strategy is something any public procurement office can copy.

Obviously some KPIs are not going to be applicable in some states. A measure of responsiveness to agency requests is not likely to be a very useful metric in a decentralized purchasing environment. The primary task is to do comprehensive self-evaluation to determine strategic goals going forward. Once that is accomplished, selecting KPIs and the individual component metrics is relatively simple. Implementing and ensuring KPIs receive the visibility needed to make them successful can be more difficult.

The State of Michigan has implemented its KPI program with software products that are standard issue within the State of Michigan (Microsoft Access, PowerPoint, Publisher, SharePoint, etc.).

This is efficient from a cost standpoint and demonstrates transferability. Where the State of Michigan has invested its resources is in staff dedicated to technology and reporting who have a heavy focus on KPI tracking and reporting.

Service Improvement

For the State of Michigan, Service Improvement is at the very core of our KPI strategy. Our KPIs for the sourcing division measure compliance with time-based SLAs for our various types of solicitations, customer satisfaction measured by NPS, and actual hard savings. Internally focused KPIs are also used to measure internal performance. There are many KPIs used in this arena. Included are measures of how rapidly we respond to internal service requests from our agencies, how efficiently we monitor our new and existing contracts, how we maintain our professional development, how quickly we respond to FOIA requests, and how well we retain our employees.

The best evidence of service improvement can be demonstrated by the KPIs themselves. Since implementing them for the 1st quarter of the State of Michigan's 2017 Fiscal Year, a marked improvement can be seen. The percentage of Requests for Proposals meeting their SLA targets has increased from 25% to 62% and NPS has increased from 60 to 75 (note that industry heavyweight Apple has an NPS of 72). Anecdotally, in our regular meetings with agency customers a noted shift in tone has occurred, from reviewing agency complaints and grievances, to a general sense of satisfaction. This is not to say that KPIs alone have caused all of this improvement, but there is no denying that there is substantial correlation between the implementation of these KPIs and a dramatic improvement in the overall perception of Central Procurement Services.

We certainly expect to keep this progress going. Another great feature of maintaining these performance statistics is that they demonstrate our shortcomings in a meaningful way. By using KPIs, we are not only able to see and measure our improvement, but also to quantifiably identify our weaknesses. This allows us to see where we need improvement, and in what areas we need the most improvement. Consequently, we can allocate time and resources to improving in those areas at maximum efficiency.

Cost Reduction

Measurement drives behavior, demonstrates what an organization values, and has an important effect on culture. Often, savings are measured in ways that are unreliable, speculative, and that are not taken seriously by people inside or outside of Procurement. In the end, measuring savings has little to no real effect on the bottom line. To change this, the State of Michigan has taken several important steps to ensure that its KPI demonstrate real, demonstrable, and credible savings.

The State of Michigan set a tight definition of what would be considered hard savings: a purchase price that is lower than previously delivered price, reducing a planned contractual price increase, (e.g., when a 3% CPI increase is permitted within a contract, but Procurement negotiates that to 1%, the delta of 2% is considered hard savings), or where no prior pricing history exists and a purchase price that is lower than accurate budget allocation. Savings are also only claimed in their first 12 months. (For the full program definition, please see the attached Cost Savings Definition PowerPoint presentation).

Any claimed savings are entered into the central procurement database and reviewed by management. To further engender confidence in the savings, an internal audit is periodically brought in to review both the savings program and validate the individual savings themselves. As a result, the State of Michigan realized $11.2 million in savings in FY 2017, and another $3.2 million in savings to date in the current fiscal year.

Conclusion

The State of Michigan's approach to utilization of KPIs beyond the traditional measuring approach used in the public sector. By leveraging a wide range of leading and lagging indicators, ensuring KPIs have high visibility at all levels throughout the organization, engaging outside stallholder to validate data, and creatively using available software resources, the State of Michigan has developed a program that has driven performance within the organization in a positive direction, that has demonstrated real service improvement, and that has helped drive savings.

![Pennsylvania state coat of arms]

Pennsylvania Best Value Initiative

Submitted by State of Pennsylvania
Department of General Services, Bureau of Procurement

Synopsis

Pennsylvania Best Value Initiative, which resulted in the implementation of an electronic procurement solution, a streamlined RFP procurement process, and a method to increase SB/SDB participation all the while encapsulating quality, on time delivery, savings and return on investment. The combination of the JAGGAER solution and the streamlined RFP process which includes supplier forums, amped up supplier outreach, streamlined forms, reduction of meetings, more efficient question and answer process, adjective scoring, electronic reviews and submissions, real time data, configurable workflows, and a transferable tool kit of procurement resources

Executive Summary

Pennsylvania (PA) set out to reduce a major element of the procurement cycle time by 30% by streamlining its Request for Proposal (RFP) process. Through this procurement initiative, which became known as the Pennsylvania Best Value Initiative, the Commonwealth of Pennsylvania, Department of General Services, Bureau of Procurement (DGS BOP) accomplished its goal and so much more! By moving away from the Invitation for Bid (IFB) procurement method, it permitted PA to encourage partnering with our Small and Small Diverse Business (SB/SDB) partners, added the adoption of new tools and best practices, and implemented an electronic procurement solution. The new process resulted in a 33% overall reduction in the procurement cycle time.

In the face of a stagnate budget and reduced staff, key stakeholders had to be identified early in the process; the outcome would affect all of us. They were excited and eager to take on the challenge and tackle the entire procurement process. We were off to a great start, right? Right, but we needed more; we needed to find and apply tools to modernize and streamline the existing procurement processes. Thus, a star was born; Pennsylvania Best Value Initiative, which resulted in the implementation of an electronic procurement solution, a streamlined RFP procurement process, and a method to increase SB/SDB participation all the while encapsulating quality, on time delivery, savings and return on investment.

As the changes were adopted, Pennsylvania focused on making sure the process was general and flexible enough to be transferred to the twenty-six state agencies under the Governor's jurisdiction, local municipalities, universities, and other states. This was accomplished by creating a toolbox full of resources: guides, videos, procedures, and training.

The combination of the JAGGAER solution (available through the NASPO Value Point) and the streamlined RFP process which includes supplier forums, amped up supplier outreach, streamlined forms, reduction of

meetings, more efficient question and answer process, adjective scoring, electronic reviews and submissions, real time data, configurable workflows, and a transferable tool kit of procurement resources.

Time is money, we've all heard it and experienced this adage. By turning the solicitation process on its' head, we saved time, lots of time, weeks; even months and we also cut costs. When a new contract is awarded early or on time, the savings of the new contract are realized sooner.

We are a success story; however, our story is not over. We believe in our mission and we take great pride in continuing our efforts for the betterment of the Commonwealth of Pennsylvania. To better uphold our mission, we take great strides in affording transparency, training, and open communication to our Agencies, Supply base and the citizens of Pennsylvania.

Innovation

Pennsylvania's Best Value Initiative set out to reduce the procurement cycle time and resulted in a reimagined, redesigned, and streamlined procurement process. Additionally, the Governor of Pennsylvania communicated his intent to increase the participation of SB/SDBs in the states contracts. There were a lot of tough decisions to make and a lot of hard work ahead. As our team strategized on how to best meet the Governor's challenge, numerous opportunities were identified that might improve the entire process resulting in reduced costs, improved supplier relations, improved quality, and increased supplier participation.

Pennsylvania's Best Value Initiative: Each step of the solicitation and contracting process was scrutinized. The self-analysis led to the following changes:

Fewer Forms: The updating, streamlining, and reduction in the number of forms utilized in the procurement process. From procurement initiation to contract award, the forms required have been simplified, streamlined, and reduced. Continuous improvement teams carry on this work, continuing to perform analysis, work with users and have a process for more efficient templates. Less forms!

Meeting Reduction: The Contracting Officer now works with sub-committees and subject matter expert(s) as needed to develop the RFP. Less meetings = More Time.

Proposals: Have you ever issued a procurement only to be disappointed by the quantity or quality of the responses? To tackle this issue, we instituted the use of the Supplier Forum, (Exhibit A). By leveraging the existing Request for Information (RFI), suppliers are given a brief overview of the upcoming procurement and are invited to meet and discuss industry best practices and standards, trends risks, and cost structures. The knowledge gained through this effort was applied to the development of a more accurate and qualitative scope of work.

Ultimately, we will have a solid scope that reduces risks in the form of addendums, extensions, and protests. As a bonus, we capture the attention and interest of potential suppliers.

Scoring Methodology: A new scoring methodology with overall adjective scoring (Exhibit B) replacing numerical scoring was adopted. The adjective scoring is more user friendly and more easily defendable (when necessary).

Paperless Process: In support of our effort to streamline the procurement process, get to contract award faster, and reduce costs, PA implemented the JAGGAER solution, an online procurement management tool. PA now has a total electronic process!

The JAGGAER solution has improved the procurement process in the following ways:

The procurement solicitation process allows for a question and answer period. The JAGGAER solution meets this need with a rolling question and answer feature. Here's how simply and directly it works: when a supplier submits a question, the Contracting Officer reviews and responds in real time. Everyone viewing the solicitation can read the question and the answer in real time. This reduces the number of repeat questions resulting in time savings for everyone as compared to the prior batch process.

The JAGGAER solution allows the Contracting Officer to see real-time status of the supplier's responses through the posting period. Before the end of the posting period, the Contracting Officer can monitor the status and activity of suppliers, provide supplier assistance, and conduct outreach to ensure a more robust competition.

The JAGGAER solution includes the ability to create and modify workflows. Most changes to the system can be done without the effort and delay of an IT department changing the program.

For years, Pennsylvania relied on the IFB procurement process for materials awarding on low- cost only. What about participation of SB/SDB? The procurement scoring process in PA, for RFPs and RFQs, awards 20% of its points based on commitment to SB/SDBs. The decision was easy, RFPs are no longer just for services or complex procurements! PA now procures most services and/or material procurements through this RFP process. PA now evaluates responses for past performance, value added services, quality of products, and SB/SDB participation.

Reinventing the procurement process was a challenging project to manage with a great deal of change in a short time but, through the adoption of new tools and the application of best practices, PA achieved its goal. Highlights of the redesigned procurement process include the implementation of a new online procurement tool to manage the advertisement, submission, and evaluation of procurements electronically, the introduction of supplier forums, streamlined forms, revised technical scoring methodology, and a transferable tool kit of procurement resources.

Transferability

A famous quote from Dr. Wil Rose, "Success is not counted by how high you have climbed, but by how many people you brought with you." seems appropriate. As excited as we are about our new process, it is much sweeter when shared. Building transferability into the initiative, specifically the implementation of an electronic procurement solution, was a primary focus of the Commonwealth of Pennsylvania Best Value Initiative.

Obtaining the JAGGAER software was simple. Log into the NASPO Value Point website and locate the SciQuest eProcurement Solutions contract for the JAGGAER software with a contract valid through 06/30/2021. The JAGGAER solution includes solicitation templates, content libraries, and is flexible enough to support multiple solicitation types including RFP, RFQ and RFI.

Other tools used in this initiative, and available through NASPO, include the supplier outreach and research tools of ProcurementIQ (formerly IBISWorld) and GovWin. Reports from ProcurementIQ provide pricing fundamentals, benchmark pricing and information, price drivers, pricing trends, forecast information, potential suppliers, and interested bidders increase competition and more cost savings! If applicable, pertinent regulations are referenced. ProcurementIQ also provides negotiation tools such as negotiation questions; suggested technical factor for evaluations and quality control measures for measuring the success of the contract after the solicitation is complete.

As we continued to define and refine the initiative, our toolbox grew exponentially. We found that as resources and stakeholders were identified, different people work in different ways, therefore a variety of tools are needed to be readily accessible. Resources such as web-based trainings (Exhibit C), workshops, end user procedures (Exhibit D),

templates (Exhibit E), checklists (Exhibit F), video demonstrations of supplier forums (Exhibit G), tricks and tips, refresher courses, and instructor lead trainings are now available.

The tools that lead to our success are available and easily transferable to any interested procurement group such as state government, local governments, schools, and universities. The tools are readily available and easily obtained from a central location.

Dr. Wil Rose, former CEO of the American Indian Heritage Foundation, from www.Indians.org

Service Improvement

Pennsylvania's Best Value Procurement Initiative, involved key stakeholders from the beginning. DGS BOP knew they had to achieve buy-in, this was accomplished through positive and energetic communication to the Procurement Policy Council (PPC). The PPC is comprised of procurement stakeholders from agencies across the Commonwealth. We identified PPC as the best avenue for the Commonwealth. The PPC was presented with an overview of why the changes were needed, the goals we hoped to achieve, and were encouraged to participate and support this initiative.

Throughout the procurement initiative, stakeholders were engaged in regular committee meetings, and participated in live demonstrations, and work group sessions. The established communication plan included weekly emails and monthly updates to all levels of participants. The core team was able to identify pain-points in the existing process and recommend solutions to streamline the process.

Our biggest opportunity in tackling change, was moving from a paper process to the adoption of a complete electronic process. DGS BOP felt this was a key success factor in modernizing the process. We also knew the previous practice incurred excessive expenses not only for us but for our supplier community. Based upon supply base's expressed concerns of incurring costs with paper submissions, and the amount of time required to package and deliver a proposal; we had to act. We listened, and we delivered!

Once the JAGGAER solution was contracted and in place, an extensive training program was developed inhouse to align with PA's RFP process. The DGS BOP and PPC worked together to develop RFP and JAGGAER best practices and to identify procurement staff for training. The JAGGAER solution was piloted by DGS BOP staff initially with training and solution workflows adjusted as needed. The training of agency staff occurred over a four (4) month period and included instructor lead training session with hands-on exercises. Following the training, agencies began using the online solution. DGS BOP training team held workshop sessions which allowed users to enter their procurements into the JAGGAER solution with assistance from the training team.

By identifying and engaging stakeholders early in the process, listening to and acting on constructive feedback, DGS BOP and the participants were able to achieve a win/win outcome.

Cost Reduction

Pennsylvania's Best Value Procurement Initiative and the implementation of JAGGAER has resulted in a 33% procurement cycle time reduction! Pennsylvania projects $1.7 million of annual productivity savings.

In addition to saving time, reducing rework, and being environmentally friendly, the streamlined process has resulted in increased customer satisfaction and contracts being completed faster for the agencies and the suppliers. The morale

of the Contracting Officers has greatly improved as they have adopted the new technology. They find this process to be more efficient, manageable, and quicker.

The suppliers have reported that the time, papers, binders, and transportation to prepare several copies of an RFP proposal often exceeded $1000 per solicitation. This was especially burdensome for our SB/SDB suppliers both administratively and financially. With electronic bid submissions, they no longer have these costs. One can surmise that increased supplier administrative costs add to the costs of the project, therefore reduced supplier's costs lead to cost reductions for Pennsylvania.

More than ever, it's important to move away from paper. In 2018, several paper mills transitioned from manufacturing paper to cardboard boxes to meet the cardboard needs created by online shopping and home delivery. This trend, labeled the "Amazon Effect", highlighted the importance of less reliance on paper.

Blended Learning: A 21st Century Learning Design in Virginia Public Procurement

Submitted by State of Virginia
Department of General Services, Division of Purchases & Supply

Synopsis

This blended learning program utilizes a new Learning Management System (LMS) and computerized testing environment to provide self-directed online training for Virginia procurement professionals, providing an alternative to the previous classroom only training option. This unique approach was developed based on a model of adult learning- The Transformative Theory, which focuses on self, convictional, and behavioral dimensions that were interwoven into the curriculum. Through the implementation of this program, the State of Virginia realized savings through the reduction of printed materials, the number of instructors required to provide training, and the amount of time required to conduct the training program.

Executive Summary

The Virginia Institute of Procurement (VIP) operates under the auspices of the Department of General Services (DGS), Division of Purchases and Supply (DPS) and delivers procurement education to public procurement professionals. VIP's Virginia Contracting Certification Program currently offers professional certification at three levels:

- Virginia Contracting Associate (VCA)
- Virginia Contracting Officer (VCO)
- Virginia Contracting Master Program (VCM)

Participation in the program is voluntary and open to employees of the Commonwealth of Virginia and employees of other public bodies in Virginia who meet the eligibility criteria of the certification level they wish to pursue. VIP also offers Continuing Education classes that satisfy the recertification hours required every five years for the certification programs above through the annual Public Procurement Forum in addition to other learning programs.

The VCA certification program, launched in 2006, is the first tier of the Virginia Institute of Procurement career path for public procurement professionals in Virginia. Currently, the VCA has 1,426 certified procurement professionals, which include the 394 under the new blended learning program.
The blended learning program evolved from a classroom-only program that now starts with four weeks of asynchronous online course work, which began as a pilot on May 9, 2017. It consists of guided reading

assignments, quizzes, and interactive activities followed by a hands-on two-day classroom experience. The VCA program offers a comprehensive purchasing course for individuals whose jobs consist of 10% or more of purchasing related activities. The program covers the full procurement cycle; ethics, resources, methods, evaluating, e-procurement, contract administration, compliance, small purchasing card, as well as, many other purchasing guidelines needed for purchasing up to $100,000. The certification exam is on the morning or afternoon of the third day.

The VCA program has experienced remarkable growth since its inception, which places greater demand on resources. A solution was identified that provided over 245 State agencies and 100 localities in the Commonwealth of Virginia a quality blended learning program from the previous classroom-only program that not only added value but reduced resource requirements while improving service to the Commonwealth of Virginia. This blended learning program utilizes a new Learning Management System (LMS) and computerized testing environment. The instructional designer spent over a year observing basic foundational procurement needs to develop the online module with supporting case studies in classroom. This instructional design was chosen to create an effective and efficient means of collaboration while scaling the instructional design for future growth.

Bituminous Electronic Solution

Submitted by State of Connecticut
Department of Administrative Services, Division of Procurement

Synopsis

DAS Procurement replaced a solicitation/contract award process for bituminous goods and services that was time consuming, labor intensive, prone to error, and archaic. They partnered with the Department of Transportation customer and the DAS IT staff to develop an electronic solution that changed how bituminous goods and services are solicited, how vendors respond to bituminous solicitations, improving the contract award and administration processes and reduced cycle time and margin of error by 99%.

Executive Summary

The Cronin Awards evaluation consists of four categories, each one examining a different aspect of the project's impact and each weighed separately to provide an overall score (more details available in the subsections below). Submissions are limited to four pages, although optional supporting material can also be submitted as a separate document when needed to showcase images, examples, or documentation that is too large to fit within the four-page submission itself.

It is useful to committee members for a submission to begin with a short introduction/executive summary that describes the purpose and scope of the project and gives a brief overview of the implementation process. The introduction should also include a summary statement of the content of each of the four categories and a comment on the results of the project. If there is anything in the submission to which committee members should pay particular attention, it is helpful to mention it in the introduction. This executive summary should not exceed one page and is included as part of the total pages for the submission.

Our Business Plan Mission Statement for the State of Connecticut's Procurement Department, is "Deliver value-added procurement programs and services by creating efficiencies, introducing smart technologies, acting with integrity and providing collaboration and strategic leadership." We strive to deliver our programs and services by fostering strong customer partnerships, and continuous business process improvements through progressive solutions. DAS Procurement initiated a progressive business process improvement for our bituminous goods and services. The solicitation/contract award process for bituminous goods and services was time consuming, labor intensive, prone to error, and archaic. We partnered with our DOT customer and our IT staff to develop an electronic solution (Innovation) that changed how bituminous goods and services are solicited, how vendors respond to bituminous solicitations (Transferability), improved the contract award and administration processes (Service Improvement) and reduced cycle time and margin of error by 99% (Cost Reduction).

Communication Subscription Tool

Submitted by State of Tennessee

Synopsis

In an effort to improve communications with various stakeholders, the Tennessee Department of General Services developed a communication subscription tool to provide timely and targeting information. Tennessee DGS created 7 channels of communication, each one targeting a different topic/focus (e.g. statewide contracts, legal and legislative updates, etc). Customers can subscribe to the channel(s) relevant to their needs and get regular updates that they know will include information they care about. DGS has seen a drastic increase in open rates on these targeted communications and has received excellent feedback from the various stakeholder groups.

Executive Summary

Project Background: The Tennessee Department of General Services (DGS) takes customer feedback seriously, and makes a point of conducting surveys to assess our performance. While we strive to always be a customer-focused partner, our communication methods were identified as an area of opportunity. Thus one of this year's top goals for the DGS and the Central Procurement Office (CPO) was to improve communication with both our internal and external customers. Due to periodic changes in legislation, policies, procedures, software, etc., effective, targeted communication from our office to those we serve is vital. Over the last few years, the CPO has made a point to be more proactive in engaging our customers. Annual seminars have been held for both the departments and our suppliers to help them better understand our processes. Targeted training has been provided to agencies across the State. This year we will be hosting our first ever one-day seminar for local governmental entities. However, a great deal can change in the year between seminars, and timely communication of those changes is imperative. Additionally, each group mentioned above has different needs for information that comes from our office. In order to be truly successful in our attempts to strengthen our communication with our customers, the CPO needed to establish a method of regularly providing relevant information tailored according to the individual customer's needs.

In order to accomplish this goal, the CPO came up with a highly innovative solution, utilizing a communication subscription tool to push and implement this initiative. This tool allows our customers to sign up for what is applicable to them, and we ensure that they are receiving pertinent information in a timely manner. This project was no small feat. In the early stages, the CPO analyzed not only feedback from the customers we were reaching, but also information from people within our own office on what services we offered that were not being taken advantage of fully, and by which customer group. For examples, we asked: what channels of information would be most beneficial to our customers? What content would reach the broadest audience for each channel? What would the best frequency for each channel be? Based on our analysis, the CPO identified a subscription service as the best way to ensure our customers got the information they needed, and only the information they needed. The next step was to roll this out to those who would be interested in subscribing to the channels we created. The CPO decided to make our customers

aware through massive email blasts, in user groups and interagency meetings, and presenting at conferences for the local governmental entities. There was a lot of hard work put into making the subscription feature known, and the results show that it has paid off. Within the first quarter, the CPO saw over 2,500 subscription requests for six different feeds of information. The first pilot campaign consisted of a message with updates to our statewide contracts. From this pilot, we noticed extremely positive results. Within the first 24 hours of sending this pilot communication, we saw an open rate of 54.4%, which is almost double the industry average for government. [Results can be found in attachment 1.] Since implementation, the feedback we have received has been overwhelmingly positive and the CPO is looking forward to seeing how we can continue to grow and develop better communication with our customers utilizing this tool.

Knowledge Bursts

Submitted by State of Tennessee

Synopsis

Knowledge Bursts is a new tool in Tennessee's Central Procurement Office which are short videos that demonstrate task performance and are used to serve as an alternative to written instruction. These videos can be used both internally and externally, and for any type of training need. The videos are rolled out on a continual basis, and the office has seen an increase in utilization as the program grows larger. The long-term goal of Knowledge Bursts is to offer a myriad of options to government organizations for educating external customers in processes and procedures that facilitate working relationships.

Executive Summary

Knowledge Bursts are short videos—generally less than five minutes—that demonstrate how to perform a task, and each video focuses on one topic. So far the Central Procurement Office (CPO) has produced videos on topics including: how to register as a supplier, navigate the State of Tennessee's Supplier Portal, how to view events, and how to bid on an event. The videos are available from the same webpage as the Job Aids, allowing users to choose their preferred method of instruction or to utilize both in tandem.

Posted to the CPO's website and YouTube channel, they can be accessed anywhere and allow our training staff to communicate the most up to date training instructions, to all customers, simultaneously. As a medium, Knowledge Bursts will eventually be utilized to provide targeted training to other internal and external users. In the past, Tennessee's Central Procurement Office utilized Job Aids—detailed, written instruction, steps often illustrated with screenshots, delivered in PDF format. However, in our changing business marketplace, it can no longer be assumed that all learners will be inclined, or even able, to simply pick up a set of instructions to read and follow independently.

We found that a growing body of research on adult learning shows that reading manuals and following detailed instruction presented in such a format is not ideal for many learners. Rather, adult learners are far more likely to either dive in and explore a task, or they simply "Google it" and follow along with a YouTube video lesson (the most effective of these often link to an article providing a "job aid"-style, step-by-step guide to follow along with for those learners who do not wish to dispense entirely with written instruction).

Providing a video to supplement, or serve as an alternative to, written instruction, offers suppliers the opportunity to see the task performed by an expert, and to have the processed described. While suppliers can contact the office for advice and assistance, having video instruction available by YouTube, as well as embedded on the CPO website, enables suppliers to access this level of instruction at any time, on any computer or mobile device. It also allows those who might feel embarrassed to call for instructions to

participate fully at their own pace, thus will encourage more suppliers to register and make the full use of the functionality available to them on the supplier portal.

Knowledge Bursts are a new tool on offer from the CPO (and new ones are still being produced). Anticipated outcomes include an increase in customer satisfaction, in that learners will have additional options at their disposal as they seek to learn new tasks and how to maximize their opportunities with the state through the supplier portal. The expectation is two-fold. The CPO should see a decrease in the number, or length, of calls requesting assistance with simple supplier portal navigation questions. Secondly, more suppliers will register, making it possible to involve sufficient numbers of suppliers in the bidding process. We will measure both of these impacts to prove the effectiveness of this innovative program.

Already, the Tennessee CPO's Knowledge Bursts have drawn wider interest, having been selected as a topic for presentation at the National Institute of Governmental Purchasing (NIGP) 2018 Annual Forum and Products Exposition. (Presentation attached as Appendix 3) The Learning & Development team will present on how the program originated, developed, and has been deployed thus far.

Leveraging Agile Systems to Automate the Approval Process for Sole Source Procurements

Submitted by State of Wisconsin
Department of Administration, State Bureau of Procurement

Synopsis

Full and open competition is the foundation for public procurement. Requests to forego competition for sole source procurements must be carefully validated. In Wisconsin, the Governor's signature is required on state sole source procurements costing $25,000 or more. A lengthy vetting process is required before a sole source Re0quest for Purchasing Authority or RPA reaches the Governor for signature. Using an agile development approach, the Wisconsin Department of Administration, Bureau of Procurement automated the workflow for the RPA's, building an efficient, transparent, and paperless process.

Executive Summary

In Wisconsin, as is the case in many states, handling sole source or single-source transactions is sensitive. Using a competitive bidding process, under Wisconsin statutes, is required unless an agency can document that a supplier is a true sole source where competition is not possible. In Wisconsin, the term "Request for Purchasing Authority," or RPA, is used to describe the process used by agencies to gain approval of large purchases that fall outside the normal competitive bidding process.

The Wisconsin State Bureau of Procurement (SBOP) has for many years required agencies to request approval of all non-competitive purchases over $25,000. These requests are ultimately signed by the Governor and have requirements for public notice. However, this paper-based process lacked the automation that would allow the State to perform this function efficiently and accurately, which is a critical need. To increase customer satisfaction, SBOP needed a system that would allow agencies to easily create a request, upload required forms and data and streamline the approval process. The goal was to reduce the time and expense of processing RPAs, collect better data and metrics about these transactions while maintaining the integrity and transparency of the process.

In 2016, the State of Wisconsin chose to address this problem by building a new system for customers to request purchasing authority. This automated system provides a platform for State procurement professionals to request purchasing authority for non-competitive purchases greater than $25,000 in a single system electronically. The average number of RPA packets received each year was greater than 200, with the majority of those comprised of sole source and general waiver requests (90%). The former process required these RPAs to be submitted as hard copy packets via interdepartmental, USPS mail or delivered by hand. All processed hard copy packets were required to be physically stored in the purchasing department or the State Records Center. On rare occasions, hard copy packets were lost and needed to be re-created, causing further delays. This system did not meet the transparency needs of SBOP's customers and often resulted in multiple inquiries to SBOP regarding the status of the RPAs.

Instead of relying on an "off the shelf" product, the State of Wisconsin has developed a system using a basic CRM platform that supports the following procurement transactions under current Wisconsin state law: sole source waivers over $25,000, general waivers over $25,000, legal services procurements for all amounts, motor vehicle procurements for all amounts, collective purchases over $50,000 and all major IT and private consulting purchases over $150,000. A multidisciplinary team that included staff from procurement, information technology, legal services, executive management of the Department of Administration and stakeholders from the Governor's Office was formed to develop the qualities and features that would be required in a new system.

Since its launch in September 2017, the Request for Purchasing Authority system has revolutionized the way RPAs are handled in Wisconsin. It is with great enthusiasm that the State of Wisconsin Bureau of Procurement nominates the *Leveraging Agile Systems to Automate the Approval Process for Sole Source Procurements* for the 2018 George Cronin Award for Procurement Excellence.

Service Partnership Agreements

Submitted by State of Tennessee

Synopsis

The State of Tennessee's Central Procurement Office (CPO) created a draft outline that highlighted the key responsibilities and metrics to judge success for both the CPO and the agency. The CPO sat down with each major executive branch agency it serves to discuss what needed to be highlighted to ultimately foster an improved relationship between the two parties and after these discussions occurred, edits were made to the template and both parties signed off on the agreement. Both parties met meet on a regular basis to review how the relationship was developing and how both parties were faring in complying with their established metrics.

The CPO has seen a tremendous improvement in the relationships it has with its customers with improvement in how agencies are handling getting documents in on a timely manner and their overall understanding of their role in the procurement process. However, the greater value has come from many agencies inviting the CPO to the table earlier in their decision-making process.

Executive Summary

All too often in the world of procurement it is remarkably easy for the customer to point the finger back the procurement officer and say: "This solicitation and the resulting contract failed because procurement didn't do their job." The reality is that it is rarely that simple. Procurements, like any other team project, are typically successful when there is good communication and a mutual understanding of each team member's role. From the procurement professional's point of view, the customer is the most vital part of team. If the customer doesn't understand this and buy into their role, how can we possibly craft a solicitation and contract that ultimately captures what the customer needs?

At the end of 2016, the State of Tennessee's Central Procurement Office (CPO) launched its Service Partnership Agreement (SPA) initiative to address this very issue. The idea here was simply to create a draft outline that highlighted the key responsibilities and metrics to judge success for both the CPO and the agency. From there the CPO would sit down with each major executive branch agency it serves (twenty-two in total) to discuss what needed to be highlighted to ultimately foster an improved relationship between the two parties. After these discussions occurred, edits would be made to the template and both parties would sign off on the agreement. A cadence of accountability would also be established as both parties would meet on a regular basis to review how the relationship was developing and how both parties were faring in complying with their established metrics.

In the short time these agreements have been in place, the CPO has seen a tremendous improvement in the relationships it has with its customers. From a process standpoint the CPO has seen improvement in how agencies are handling getting

documents in on a timely manner and their overall understanding of their role in the procurement process. However, the bigger value has come from many agencies inviting the CPO to the table earlier in their decision-making process. This has led to the CPO being able to give more informed advice to agencies early enough for both parties to still take a proactive and agile approach to new procurements.

Managed Service Provider for Non-IT Staff Augmentation Services

Submitted by State of Ohio
Department of Administrative Services, Office of Procurement Services

Synopsis

The Ohio Department of Administrative Services issued a competitive solicitation for a Managed Service Provider (MSP) for temporary medical and administrative personnel. The MSP is responsible for all aspects of providing staffing for the State and Cooperative Purchasing Program members in Ohio and manages the administration of a supplier network utilizing an online vendor management system (VMS) which automates agency staffing requests from requisition to invoice. The contract has increased efficiencies through the elimination of multiple contracts and administrative steps, one-stop supplier management through the VMS, and documented cost reductions.

Executive Summary

For many years the State of Ohio struggled with providing temporary staffing, both medical and administrative, in an effective and efficient manner. Annual spend for these services was more than $30 million dollars. The Office of Procurement Services (OPS) held contracts that accounted for approximately $22 million of that spend. The remaining spend, most of which was for medical services, was solicited and awarded by multiple agencies to various companies and independent contractors, using personal services contracts. OPS had historically permitted these state agencies to conduct their own procurements for these types of services based on the lack of medical professionals available to support the needs of all state agencies. In Ohio, this approach resulted in the using state agency conducting their own solicitation without the involvement of OPS and presenting that solicitation to the State Controlling Board to request approved funds for all contracts that exceed $50K. There were more than 90 requests, in 2016, for these services made to the Controlling Board, which meets twice a month.

The decision was made to conduct a competitive solicitation for a Managed Service Provider (MSP) for temporary medical and administrative personnel. The MSP would be responsible for all aspects of providing medical and administrative staffing for the State and Cooperative Purchasing members in Ohio. The MSP contract was awarded to manage the administration of a supplier network utilizing an online vendor management system (VMS). The VMS automates agency staffing requests from requisition to invoice for agency non-IT staffing needs.

Incorporating Professional Continuing Education Credits into Training Offerings

Submitted by State of West Virginia
Department of Administration, West Virginia Purchasing Division

Synopsis

In an effort to more closely involve attorneys and accountants in procurement training, which is beneficial to those exercising procurement authorities throughout the state, the central procurement office thought of an innovative solution. Since both the accounting and legal fields have annual continuing educating requirements, the procurement team offers now Continuing Professional Education credits for CPAs and Continuing Legal Education for attorneys who attend procurement training. They do this at no cost to the attendees, further motivating them to attend their courses.

Executive Summary

Public procurement officials are the backbone of any state agency. They purchase the commodities and services needed to ensure that state agencies can continue to operate effectively and provide valuable programs and services to its customers. In the public sector, agency purchasers are often believed to be overworked and underpaid. For this reason, training and continuing education are not often a forethought of the workday. Their primary focus instead relates to researching the market, reviewing specifications, talking to vendors, and the many other daily tasks that are adding up on their desks.

Furthermore, attorneys employed by state government often deal directly or indirectly with issues related to the purchase of goods and services, so while procurement-related training might not be something they would typically seek out, it is in their best interest to understand the laws, rules and procedures surrounding state procurement. So, what is the bottom line? Training is essential to ensure those involved in procurement are knowledgeable in performing their jobs, despite the time it may take away from their day-to-day responsibilities.

The West Virginia Purchasing Division has offered an extensive training program for years, and it has worked effectively to bolster attendance and gain the buy-in of the state agency procurement officers and other relevant purchasing personnel. In 2014, the State Legislature added language in the *West Virginia Code of State Rules* (148 C.S.R. 1-3.2) requiring designated procurement officers (i.e. those designated by their agency head to be responsible for the procurement function within that agency), some of which are Certified Public Accountants, to obtain 10 hours of procurement training annually. During the same Legislative Session, the state's high-level officials, many of whom are attorneys, were directed to participate in a mandatory two-hour training on purchasing procedures and the State Purchasing Card Program each fiscal year.

While the Purchasing Division has always offered its monthly webinars and in-house training workshops, online training modules, and certification program free of charge, the Division deliberated what else it could offer to incentivize these procurement officers, and subsequently the state's attorneys, to spare their valuable time to attend training, and even seek it out after they had met the hourly training required by the law and rules.

Our solution was to offer approved continuing professional education credits to Certified Public Accountants and continuing legal education credits to attorneys employed by West Virginia state government *free of charge* to assist them in not only meeting the required procurement training as specified by the law and rules but also meeting the mandatory hourly training requirements for their respective professional fields of study. Doing so not only saves the attendee money (i.e. cost reduction) by not having to pay for additional training to obtain their needed hours but also reaches a whole new audience for our training program who we would not have reached previously (i.e. innovation), broadening the scope of understanding among state employees directly and indirectly involved in the procurement process (i.e. service improvement and cost reduction). Knowledge is key in delivering a process that is efficient and effective.

Every state should have similar oversight boards, which maintain these professional certifications for their respective state, and therefore could easily be implemented in all states (i.e. transferability).

Automated Vendor Catalog Pricing Compliance

Submitted by State of Florida
Department of Management Services, Division of State Purchasing

Synopsis

The State of Florida, Division of State Purchasing developed a solution to automate state term pricing compliance in punch-out catalogs accessible through MyFloridaMarketPlace (MFMP). The punch-out catalog audit solution ensured that agency customers receive the negotiated item price, added additional institutional controls, improved visibility into procurement trends, and enhanced the feedback loop between purchasing and operations. The automated punch-out catalog auditing changed how State Purchasing monitored contract compliance, analyzed contract spend, and negotiated lower contract pricing. This implementation saved Florida $6,085 as of June 30, 2018, provided visibility into 2,400+ items sold below the state's negotiated price supplying data to negotiate lower pricing on future contracts, and increased contractual compliance. Any state that utilizes vendor-maintained catalogs can use MFMP's solution as a benchmark regardless of its software platform, and the resulting service improvement beneficiaries from the implementation were State Purchasing, state agencies, and contracted vendors.

Executive Summary

The State of Florida's eProcurement system, MyFloridaMarketPlace (MFMP), has provided access to vendor-maintained catalogs, referred to as punchout catalogs, since 2003. Users access these catalogs when they select a vendor that maintains one of these catalogs, and the application then redirects their browser to the vendor's online catalog, a process referred to as "punching out" of the MFMP system. The users then select the desired items in the state term contracted vendor's catalog, and upon checking out, they are redirected to the MFMP system, where the purchasing details for the corresponding selected item(s) are automatically added to their purchase requisition. This process reduces the time it takes an agency customer to develop a purchase requisition and ensures that the items purchased are contracted items. Because of this ease of use, each year, agency customers consistently designate catalogs as one of their favorite features on MFMP's Annual Customer Service Satisfaction Survey.

While this process provides purchasing efficiencies to agencies, punchout catalogs are vendor-maintained and thus, prior to 2016, did not provide an automated method to confirm that the State of Florida was receiving the contracted price from the vendor. In early 2016, the Division of State Purchasing developed a solution to automate state term pricing compliance in punchout catalogs, hereafter referred to as punchout catalog audit. The punchout catalog audit solution provided the following benefits:
1. It ensured that agency customers receive the negotiated item price.
2. It added additional institutional controls.
3. It improved visibility into procurement trends.

4. It improved business processes by enhancing the feedback loop between purchasing and operations.

The implementation of the punchout catalog audit was accomplished with minimal agency customer impact. Since the implementation of the punchout audit solution, MFMP has accomplished the following:

- Enabled seven state term contracts with 15 unique catalogs;
- Audited 253,734 items;
- Identified 57,667 discrepancies; and
- Adjusted 422 items to match the contract price[1].

Using an Agile Development Process to Create eProcurement Systems

Submitted by State of Wisconsin
Department of Administration, State Bureau of Procurement

Synopsis

Wisconsin has combined the basic tenets of agile software development and the inherent automation and centralization efficiencies in traditional eProcurement systems to develop a software as a service solution that supports every stage of the procurement process. The solution facilitates the development, issuance, evaluation, and management of a solicitation, regardless of the source selection method, in a single setting. This fosters better communication and collaboration among internal and external stakeholders and the sourcing manager and results in processes and contracts that better address the needs of all parties.

Executive Summary

In its partnership with NASCIO, NASPO has published research and made recommendations for public procurement offices to pilot and practice modular, or agile, procurement processes, mainly in large IT projects. Mirroring the methods of agile software development, agile procurement is built upon the idea of approaching all projects with a collaborative, solution-oriented and forward-looking perspective to deliver improved results.

In addition to the recent trend to adopt agility in practice and policy is the more constant goal of finding ways to achieve savings through strategic sourcing, maximizing the value of purchasing power by continuously improving contracting practices.

The Wisconsin State Bureau of Procurement (SBOP) has used strategic sourcing techniques for many years. However, its efforts have been hampered by a paucity of quality data necessary to perform detailed spend analysis and monitor bidding activities of all Wisconsin agencies statewide. Such data is critical to the development of solicitations that accurately reflect the State's needs. A single system was needed to collect and report enterprise and agency spend information at a level necessary to conduct more effective and targeted strategic sourcing activities.

In October 2015, the State of Wisconsin implemented an Enterprise Resource Planning (ERP) system, referred to as STAR, to replace its financial and procurement systems. The State purchased a full suite of ERP modules to replace over 130 legacy applications statewide. Included in that suite was a module to manage electronic bidding and an external portal for suppliers to register and submit electronic proposals. During the review of the modules (PeopleSoft 9.2), SBOP (in partnership with the legal staff) identified functionality that, if turned on without significant customization, would violate state statutes and, in some cases, state constitution (Exhibit A). Testing found that in its original form, the module could not manage public procurement activities at the levels of integrity, legal compliance and sophistication employed in Wisconsin State agencies.

Following this analysis, SBOP engaged its large agencies to determine if it should undertake a development effort to make the modules work, or to purchase a Software as a Service solution and attempt to justify making an investment in a redundant tool (Exhibit B). In July 2016, the State chose to not rely on an "off the shelf" product that required significant customization or trusting the services and support of a cloud provider to run a process that is at the core of Wisconsin's procurement function. Instead, Wisconsin developed these systems in a modular fashion and which are now agile, scalable and completely integrated with the rest of the STAR system—and it was completed at a fraction of the cost of alternatives.

Since its launch in September 2017, the Strategic Sourcing module and the eSupplier Portal for Bidders have revolutionized the way procurements are done in Wisconsin. This is the first time in the state's history that all executive branch agencies are developing, posting and managing bids and RFPs online. It is with great enthusiasm that the State of Wisconsin nominates *Using an Agile Development Process to Create eProcurement Systems: Strategic Sourcing & eSupplier* for the 2018 George Cronin Award for Procurement Excellence.

Transportation's Infrastructure: Procuring with Speed and Proficiency

Submitted by State of Georgia
Department of Transportation, Division of Operational Procurement

Synopsis

The Georgia Department of Transportation (GDOT) Office of Procurement responded to legislation that specifically addressed the needs for improvement to Georgia's transportation system. The agency proactively identified areas of deficiency within the procurement process and implemented improvements that reduced the procurement process from 90 days to as little as three weeks.

Executive Summary

Many states are struggling with the challenges of the repair and maintenance of their infrastructure. The State of Georgia addressed those concerns by passing the HB-170 legislation in 2015. HB 170, referred to as the Transportation Funding Act of 2015 (TFA), specifically addressed the needs and improvements to Georgia's transportation system.

The TFA funding presented the Georgia Department of Transportation (Georgia DOT/the Department) with 3 challenges. The 1st challenge came with the initial infusion of funds—$240 million—made available for use on April 1, 2016. However, the Department had to use these funds by the end of the fiscal year ending on June 30, 2016. The 2nd challenge was that the GDOT State Maintenance Office had to quickly identify the areas of need across the state and create the scope of work to be performed for all areas. The last and most challenging was the procurement bid process. Under the traditional procurement approach overseen by the Department of Administrative Services (DOAS), the dollar value of the solicitation drives the amount of posting time required for the bid. For the areas of service needed by the State Maintenance Office, each bid value would require a minimum posting time of 30 calendar days. Adding time for the individual bid evaluation and award to an executed contract would take approximately 90 days to complete one bidding event.

The GDOT Office of Procurement proactively identified areas of deficiencies within the procurement process and implemented improvements prior to the passing of the TFA. The first area analyzed was the number of procurement staff available for each of the seven district offices across the state. This led to identifying and creating a District Procurement Manager (DPM) position for each district, including an additional Procurement Officer position for the influx of increased document processing. Most districts had seasoned procurement professionals with legacy knowledge of GDOT.

Along with hiring additional procurement staff, the Office of Procurement created and facilitated a pre- qualification of the contractor application process for the service categories identified. The contractor applications are reviewed by subject matter experts and approved by a committee from the State Maintenance Office. The new pre-qualification

[process](#) is more efficient, faster and qualifies service contractors for the 14 service areas identified by the State Maintenance Office.

Once the pre-qualification process was finalized the Office of Procurement began creating application forms, bidding templates, the Master Maintenance Service Agreements (MMSA), and training for the procurement staff. Getting the contractors pre-qualified was the first step. The second step was to get a firm bid price, using the Invitation to Bid (ITB). In collaboration with DOAS, the Department was able to significantly reduce the amount of posting time per event, by adjusting the DOAS e-procurement system to allow for private event posting, for ITB's related to the new pre-qualification process. The improved process has reduced ITB time to 15 calendar days for posting, receipt of bid pricing, evaluating and awarding of each bid event. This process allowed GDOT to reduce the procurement process from 90 days to as little as 3 weeks! Additionally, this process allowed the districts to have more autonomy over their budgets and reap their successes.

The procurement team's dedication and determination was the cornerstone of GDOT's success. Using this streamlined process, the staff accomplished the procurement of $166.8 million in routine maintenance services in 11 weeks by the close of the June 30 fiscal year close-out.

Maximizing Procurement Budgets Through the State & Federal Surplus Property Programs

Submitted by State of Massachusetts
Operational Services Division, State Surplus Property Office

Synopsis

The Commonwealth of Massachusetts' State Surplus Property Office (SSPO) is responsible for the distribution and disposal of state owned surplus property. The challenge was to find a way to increase product supply, to increase demand for surplus property, to lower spending by customers for products, and to generate an increase in operating revenue. To meet the challenge the State Surplus Property Office partnered with the Office of Vehicle Management and the Operational Services Division's marketing team to identify and advertise new streams of surplus property to customers. The office also found a faster way to sell the property, online auctions, which contributed increased operating revenue of 6%, and saved their customers $2.785M in new product purchase costs last fiscal year.

Executive Summary

The Commonwealth of Massachusetts' State Surplus Property Office (SSPO) is responsible for the distribution and disposal of state owned surplus property with an objective to realize the maximum benefit from state owned surplus property. This is achieved through reallocation and reuse of property or by selling property that is no longer needed to the general public through our auction process. The SSPO ensures that surplus property is handled in compliance with state laws and regulations. Most property is first offered to state agencies, then to municipalities and non-profits, and finally to the general public. State agencies can acquire surplus property at no charge to their agency while municipalities and non-profits must pay a nominal administrative fee when obtaining property through the program.

In addition to administering the State Surplus Property Program, the SSPO is authorized by the Federal Government to act as its agent in obtaining Federal Surplus Property. Through this program, state agencies and municipalities can acquire expensive or hard to find items at a fraction of the cost of purchasing the item new. There is no charge for the property; however, the SSPO charges an administrative fee to facilitate the transfer.

The SSPO does not receive any state or federal funding to run these programs relying solely on the administrative fees and auction revenue to keep the program financially solvent. The Surplus Property Program is a revenue generating program for The Commonwealth of Massachusetts while simultaneously offering a cost-effective alternative to purchasing items brand new. This allows our customers to maximize their procurement budgets.

The main areas of focus for the SSPO for FY 2018 were:
- Increase the amount of property flowing into the program by targeting agencies that have not been actively using the program to declare items surplus.
- Examine historical live and on-line auction data to determine the best disposal method for Surplus vehicles and equipment that have reached the end of their lifecycle.
- Increase our customer base through active outreach and attendance at various events to promote the programs.
- Track the cost savings for our customers in both the State and Federal Surplus Property Programs

By focusing on these key areas, the SSPO saw a 6% increase in revenue over FY 2017 while simultaneously saving our customers $3.4 million dollars. The approach is innovative, transferable, improves services, and reduces costs.

Innovation	Transferability
The SSPO partnered with the Office of Vehicle Management Vehicle auditors to target surplus items. Auditors would relay information to SSPO on potential Surplus vehicles and equipment when they were out performing site visits and vehicle reviews. This led to an increase in available property.	As all States already have a Surplus Property Program in place the process is easily transferable and could be applied seamlessly.

Service Improvement	Cost Reduction
Increased use of on-line auctions allowed us to dispose of surplus vehicles and equipment directly from agency locations. This eliminated the need bring it to a live auction site.	Direct outreach to agencies and attendance at Statewide purchasing events led to an increase in the number of registered users of the State and Federal Surplus Program. This translated to savings of $3,400,000 in FY 2018.

Optimizing IT Procurements

Submitted by State of Ohio
Department of Administrative Services, Office of Procurement Services

Synopsis

In order to tap into the leaders, experts, and niche vendors within the industry, the Ohio Department of Administrative Services developed a new approach for optimizing IT Requests for Proposals (RFP). These changes, implemented with a 2017 RFP for data analytics services, have resulted in an innovative, transferable approach to IT procurements, which have improved services and reduced costs. Prospective suppliers can be prequalified based on demonstrated experience and expertise, allowing the State to execute brief proofs of concept or pilots in a timely fashion. This change, along with less restrictive mandatory requirements and terms and conditions, opened opportunities to small businesses often not having the resources or experience typically required to bid on – and win – state contracts.

Executive Summary

Ohio has over 120 state agencies, boards and commissions, all of which collect data and, in turn, store it in more than 2,600 systems. Recognizing that leveraging this data presents an opportunity to make a real impact on Ohioans lives, the Governor's administration launched a data analytics initiative to tackle complex problems such as opioid addiction, infant mortality, persistent poverty, and school dropout rates.

A common approach for responding to such initiatives is to gather more data, produce more reports, create more dashboards, etc., with the expectation that action results. However, with so much effort focused on working with the data, using it to produce meaningful outcomes can be challenging. While there are numerous causes for this, chief among them are data sets not being integrated between (or even within) organizations and not tapping into resources capable of providing solutions enabling data integration to be accomplished.

To tap into the leaders, experts, and niche vendors within the industry, the Ohio Department of Administrative Services' (DAS) Office of Information Technology (OIT)[1] developed a new approach for optimizing IT Requests for Proposals (RFP). These changes, implemented with a 2017 RFP for data analytics services, have resulted in an innovative, transferable approach to IT procurements, which have improved services and reduced costs.

Protecting Patients & Healthcare Facilities Through Procurement for Data Solution

Submitted by State of Minnesota
Department of Administration, Office of State Procurement

Synopsis

Passage of federal Drug Supply Chain Security Act (DSCSA) in 2013 created a closed prescription drug distribution system to prevent harmful drugs from entering the supply chain and reaching patients. The law places a heavy burden on the purchasers of the drug to respond to any FDA inquiries on pharmaceutical sourcing in full within 48 hours, providing all product transactional information records for the past six years. The contract provides storage and retrieval solution of DSCSA data, on a subscription basis, and ensures that government healthcare facilities using the contract are compliant with FDA regulations. The innovation aspect of this project includes the monitoring of healthcare industry changes through continuous gathering of marketing intelligence from multiple sources, the long-term training efforts provided for healthcare facilities that are MMCAP members, and ensuring that the identified solution would cover the pharmaceutical product transaction information regardless of the product source or whether any MMCAP contract was used to purchase product. This sophisticated procurement transfers readily to other states given that all healthcare facilities in all states have access to the solution via their MMCAP membership, and the contract eliminates the risk of civil or criminal prosecution for compliance failure, and protects patients from harmful drugs.

Executive Summary

Buyers and other procurement officials are asked to wear many hats. They are looked upon as the sourcing and subject matter experts, often in numerous buying lines. In 2013, after passage of the Drug Supply Chain Security Act (DSCSA) expectations of the procurement staff reached a new level. By way of background, this law was enacted to secure our nation's drug supply from counterfeit or other illegitimate drugs, and to protect patients. Passage of DSCSA resulted in the immediate preemption of all State drug pedigree laws. It creates a closed prescription drug distribution system to prevent harmful drugs from entering the supply chain and reaching patients. The law places a heavy burden on the purchasers of the drug to respond to any FDA inquiries on pharmaceutical sourcing in full within 48 hours, providing all product transactional information records for the past six years. The purpose of this project was for the Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP) to provide a solution to ensure that the purchasers within government healthcare facilities using the contract can comply with FDA regulations.

After a competitive solicitation, two vendors were contracted to provide a "software as a service" solution to allow MMCAP members to (a) confirm vendors and business partners are Authorized Trading Partner under the DSCSA, (b) comply with the product transactional information requirements for pharmaceutical dispensers for the DSCSA as they

relate to the storage of and access to the data required for pharmaceuticals covered under the DSCSA, and (c) confirm pedigree of received pharmaceuticals and producing reports on transactional data as required by the DSCSA.

The innovation aspect of this project includes the monitoring of healthcare industry changes through continuous gathering of marketing intelligence from multiple sources, the long-term training efforts provided for healthcare facilities that are MMCAP members, and ensuring that the identified solution would cover the pharmaceutical product transaction information regardless of the product source or whether any MMCAP contract was used to purchase product.

This sophisticated procurement transfers readily to other states given that all healthcare facilities in all states have access to the solution via their MMCAP membership. Factors in transferability for this project include structure of the contracts allowing for use by healthcare facilities in all states, subject matter experts from several states were utilized in defining scope and contract results, and a solution that allows the facilities to be compliant with DSCSA regulations even when they are switching between pharmaceutical supply partners. Additionally, aspects of this project that may be easily adopted include extensive and ongoing use of multiple marketing research tools, long-term training efforts for the agencies served so that they understand the nuances of the required industry changes and their responsibility in taking action.

Service improvement resulting from use of this contract includes minimizing administrative efforts of procurement professionals, healthcare facility management, and other technical resources. This allows staff to devote time to other activities including providing healthcare services to patients. Healthcare facility usage of this contract simply requires written notice from the facility to the pharmaceutical supplier giving permission for them to share data with the data solution vendor.

The services contract for DSCSA data addresses federal regulations and eliminates the risk of civil or criminal prosecution for compliance failure. Therefore, cost reduction is from risk elimination, and additionally from cost avoidance from the possibility of the facility or any healthcare staff being prohibited from delivering services, fined or jailed. A larger risk avoided is potential patient harm from procuring illegitimate pharmaceuticals.

The resulting data storage and retrieval solution contracts included vendors from Pennsylvania and California. Both vendors offer storage and retrieval solution of DSCSA data, on a subscription basis, and ensure that government healthcare facilities using the contract are compliant with FDA regulations.

Enterprise Procurement Manual

Submitted by State of Oregon
Department of Administrative Services, Procurement Services (DAS PS)

Synopsis

Oregon created an Enterprise Procurement Manual that serves as the official authoritative guide for all procurement professionals. The manual was built through collaboration of over 115 stakeholders and subject matter experts and resides on a convenient website location that is accessible 24 hours a day. The manual's website format offers procurement staff value as they can now easily access all relevant information and resources when needed. Additionally, the manual standardizes procurement practices to increase transaction effectiveness, streamline service delivery, improve transparency and reduce risk.

Released in January 2018, the Enterprise Procurement Manual transformed how procurement processes are implemented and followed in Oregon.

Executive Summary

Procurement processes in Oregon state government are complex and subject to the ever-changing requirements of statutes, administrative rules, statewide policies, and statewide procedures. Oregon's lack of an authoritative manual, outlining procurement processes and best practices, was resulting in critical processing issues, inconsistencies in methodologies and a growing frustration among procurement personnel across the state.
The Enterprise Procurement Manual project was created to simplify, clarify, unify, and modernize procurement practices throughout Oregon. This manual now serves as the official authoritative guide for procurement professionals. It also improves transparency with the public and vendor community by clearly providing the foundation for ethical and fair dealing in public contracting in Oregon.
This project satisfies the four areas of the George Cronin Award criteria as follows:

1. **INNOVATION:** The need for Oregon's Enterprise Procurement Manual project was driven by a demand from nearly 100 agencies that our central procurement office serves. This unconventional approach required collaboration and involvement of over 115 stakeholders and volunteers, including: subject matter experts from 22 state agencies, members of Oregon's Designated Procurement Officer Council, local government and agency front-line staff website testers, and a competitively solicited technical writing vendor. Once finalized, the manual's comprehensive guidance, instructions, and resources were located in a convenient online location that is accessible 24 hours a day, 7 days a week. Employees can now freely access all relevant information and resources when they need it.

2. **TRANSFERABILITY:** The easy to use Enterprise Procurement Manual website layout, content, and topic areas is a model for replication to neighboring states and local governments. The state of Washington and Marion County (OR) are already using it to inform the development of their own procurement manuals.

3. **SERVICE IMPROVEMENT:** The manual's contents align with and support statewide procurement training curriculum, which in turn increases compliance. The manual also identifies and implements legislatively mandated socioeconomic programs. This standardization of procurement practices reduces risk to the state, increases transaction effectiveness, and streamlines service delivery.

4. **COST REDUCTION:** The clear and concise instructions of the manual promote efficient use of state resources by reducing staff mistakes, eliminating guesswork, and reducing the liability associated with improperly conducted procurements.

The Enterprise Procurement Manual, released in January 2018, has transformed how Oregon's procurement practices are implemented and followed across the state. This manual will continue to evolve, improve, and serve as the definitive guide that unifies statewide procurement practices for years to come. The State of Oregon is proud to nominate the Enterprise Procurement Manual for the 2018 George Cronin Award for Procurement Excellence.

Mentor Protégé Program

Submitted by State of Florida
Department of Management Services, Division of State Purchasing, Office of Supplier Diversity

Synopsis

The State of Florida's Mentor-Protégé Program aims to strengthen small business growth and development through guidance and feedback from established businesses, or mentors. This program, administered by the Office of Supplier Diversity (OSD), centers on a shared commitment between an established business owner and a certified woman, veteran, or minority business owner. OSD works with certified businesses to ensure they are appropriately paired with an established business based on their strengths and needs. The open and honest working relationship between a protégé and mentor organization allows for a business support system that helps a small business thrive. One protégé has been able to expand its business by adding six employees and has secured several government contracts, all with the help of its mentor.

Executive Summary

The State of Florida's Mentor-Protégé Program aims to strengthen small business growth and development through guidance and feedback from established businesses, or mentors. This program, administered by the Office of Supplier Diversity (OSD), centers on a shared commitment between an established business owner and a certified woman, veteran, or minority business owner.

OSD works with certified businesses to ensure they are appropriately paired with an established business based on their strengths and needs. The open and honest working relationship between a protégé and mentor organization allows for a business support system that helps a small business thrive.

While the program has been in existence for a number of years, in 2016, OSD began, in earnest, to refresh the program based on small-business feedback. OSD diligently recruited mentors who had experience in government contracting and made the program available to protégés who were eager to learn from a seasoned company. The program was relaunched, and in June 2017, OSD announced its first mentor-protégé pairing.

Since this particular collaborative effort started, the protégé has been able to expand its business by adding six employees and has secured several government contracts, all with the help of its mentor.