Building Better Bridges

How IT departments can better serve procurement agencies through collaboration

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How IT departments can better serve procurement agencies through collaboration

By Tammy Rimes

When agency IT sections were first formed a few decades ago, technology was a novel concept with just a few products: computers, mainframes, and phone systems. Early on, clearly defined lines were drawn between procurement and IT. While designated IT purchases were often relegated to data and programming managers, the rest of the organizational purchases were assigned to Procurement.

However, as the internet of things (IoT) has evolved, these lines have become blurred as many commonly used commodities now contain digital elements. Balancing the need for the latest technology with best practices in procurement means the relationship between procurement and IT needs to evolve as well. Instead of operating in the silos of the past, it makes sense to build bridges between the two, and encourage collaborative efforts on future agency IT purchases.
USING NEW APPROACHES TO BUILD RELATIONSHIPS

The typical government procurement process can be slow and cumbersome. This assessment often leads many customer departments – including IT – to avoid including procurement teams in planning meetings, initial assessment, specification development and the ultimate process to bring in new technology to the organization.

Approaching this problem in a unique way, the Purchasing and Contracting Department for San Diego County proactively began building a new customer-focused culture. The first step was to strategically align procurement staff toward customer departments, taking into consideration their aptitude and skill sets, while setting high expectations for good communication and responsiveness.

Using data metrics and ongoing customer surveys, the department continually monitors performance across all departments. The published results include metrics such as procurement dollars competitively awarded, number of bids received for each solicitation, turnaround acquisition cycle times, number of protests, small business participation, etc. for accountability and customer satisfaction.

“It all starts with building relationships by emphasizing outstanding customer service in every interaction and moving toward mission-focused procurement,” says Jack Pellegrino, the county’s director of purchasing and contracting.

This concept encourages county procurement team members to support customers in a deeper way by truly understanding that department’s needs and focusing procurement actions that best support those customer-needs efforts.

“This approach demands problem-solving, flexibility and extreme timeliness, which are not always the leading attributes found in public procurement organizations,” Pellegrino adds.

Just a few years since implementation, the results speak for themselves. Rather than avoid procurement, county department teams now consider purchasing and contracting an involved partner with a respected function and adding value to the contracting process.

LEVERAGING COOPERATIVE CONTRACTS TO STREAMLINE PROCESS

Focused on serving the diverse needs for a large population of students, Frederick County, Va., Public Schools’ small procurement team has to be resourceful to meet the competing needs of the school district with 10 elementary schools, 4 middle schools, 3 high schools and 2 alternate learning centers. With limited staff, a successful contracting approach is to use already solicited and awarded cooperative contracts.

“Almost 80 percent of our technology spend goes through cooperative contracts, as they can meet the district’s needs quickly and comply with our high standards of public procurement,” Kristy Varda, the district’s purchasing supervisor, states.

One specific district need is met in a cooperative contracting strategy where a “one-contract fits all” concept would not work. The district chooses to use cooperative contracts for its multi-functional devices to encompass the various needs for each school – copying, printing, scanning and other services. Piggybacking on these contracts offers a choice in vendors, features, pricing service and leasing options for each school.

This contracting solution serves multiple needs, while still being responsive when changes must be made.

With technology changing so rapidly, over time, new items may be required that were not originally included within the bid specifications of an agency-awarded contract. Rather than continually re-issuing bids to stay current with ongoing changes, “piggybacking” on an already competitively bid cooperative contract offering a greater range of commodities and services, might be a solution.

Approved by the American Bar Association, cooperative contracting is a well-known tool for procurement teams. However, while procurement teams may be well versed and knowledgeable about this contracting option, many IT departments have never heard of it. By educating their IT counterparts on the benefits, procurement can help reduce the need for re-bidding and moving more quickly to fill gaps within an agency’s existing awarded contract.

PARTNERING WITH SUPPLIERS FOR CUTTING EDGE SOLUTIONS

What should a state agency do if it has 7,000 aging end-user devices that need to be replaced? Even though an agency might have a large procurement and IT team, sometimes the approach may be to partner with a supplier who can provide certified IT professionals to assist in facilitating not just the procurement of commodities, but also provide strategic evaluation, solutions design and IT support.

One such state decided to use a contracted supplier: SHI International Corp. Through its partnership with OMNIA Partners, Public Sector, SHI provided access to their entire product catalog, including hardware, software, and services across all manufacturers, with a guaranteed discounted rate off manufacturer pricing. This partnership allowed SHI to guide the state agency through the entire process from conception to rollout.

Rather than discard all the old devices, SHI suggested using a virtual desktop infrastructure (VDI) with VMware, to repurpose the existing devices into thin clients (a desktop terminal featuring no hard drive, with all data, applications and memory handled at a central processing unit). The comprehensive solution included hardware, software and services for standing up the VDI environment across the state in 50 locations, with five years of ongoing managed services by SHI-badged resident VDI support staff. Not only were cost savings generated by this innovative approach, there were
significant sustainability benefits by reusing these older units.

Inviting customer departments to participate in meetings with suppliers is another way for procurement to build bridges. Suppliers can often share case studies and unique approaches of how other organizations are handling a similar issue or challenge. For example, for some agencies, inventory for IT, facility or fleet teams is a large line item in the agency’s budget. Bringing in new technology to manage inventory more effectively can drive savings and greater efficiencies, provide standardization across key product lines and ultimately eliminate obsolete products.

Fastenal is a national fastener distributor with a wide selection of OEM, MRO, construction, industrial, and safety products. While many government agencies contract with Fastenal for these products, one of the recent growing strategies is to place vending machines at the agency’s location at the point of use. Technology-enhanced lockers can host high-value equipment, computerized tools and laptops that can be checked in and out by authorized personnel. Using a keypad system, supervisors can quickly trace where a laptop might be and who has checked it out.

“High standards can be set for IT or risk management departments,” Jonathan Sitterly, Fastenal’s government sales specialist says. “These vending machines allow items to be more accessible to employees, increase accountability and ultimately improve efficiencies.”

USING DATA AS THE COMMON LANGUAGE

Using a common language to gain greater understanding across the two silos is paramount. While Procurement might use its nomenclature, it is not necessarily the same language spoken by IT professionals. Analyzing trends and proposing ideas through the use of data, procurement can communicate a more compelling story for their customer departments.

For example, if procurement witnesses a trend toward IT sole source awards, with no competition, then perhaps there should be increased efforts to seek additional vendors who might compete. Planetbids, an eProcurement company that has partnered with local governments for almost two decades, has observed that on average, almost 16 percent of contracting activities are related to IT-type products or services for the typical government agency.

“One particular client needed our assistance with vendor outreach to expand their pool of available suppliers to increase competition on their contracts,” Arpie Zavian, president of Planetbids, states. “As a result of the data gathered, they increased outreach, reduced the number of bad bids submitted, drove savings on the actual purchased item/service, while reducing overhead costs [like] mailing, faxing and printing.”

Spend analysis reports that might include sustainability efforts, minority and local business participation, and tracking IT trends is also made possible by the growing implementation of eProcurement systems.

Reports and supporting data can be used to broach tough conversations across the two silos.

For example, “maverick” spend for last-minute purchases, or those without negotiated discounts, often make up a percentage of any organization’s spend. A pricing model comparison of these items purchased outright, instead of through a competitive contracting process, begins the conversation of the benefits of working together on agency-wide IT projects. This is one of the quickest ways to contain costs, particularly when an organization is facing budget constraints. With real dollars savings, procurement can demonstrate its value by collaborating with IT to be more proactive in supporting upcoming purchases.

EDUCATION TO BRIDGE THE GAP

Varda is also part of an educational movement to assist procurement teams in becoming more technology savvy. As one of the instructors for NIGP’s Foundations of Technology Procurement Specialty Certificate, Varda advocates for procurement teams to develop new skill sets when purchasing technological solutions. “Procurement professionals know a little about every commodity that they purchase, however, [they] are not necessarily experts on everything that is purchased,” she says.

Within this tech-focused educational program, learners gain knowledge about terminology, research practices and opinions, solicitation methods, strategies for risk identification and common mistakes to avoid when negotiating and managing awarded IT contracts.

Reducing the learning curve even further, a new hiring strategy for some entities is to hire an applicant with a strong technology background, and onboarding the person with the goal to teach them about procurement.

“Technology touches every aspect of our lives at home, in school and in the workplace,” Varda concludes. “To be better procurement professionals, we need to understand the special nuances of technology to support our departments’ growing needs.”

TAMMY RIMES, MPA served as the former Purchasing Agent for the City of San Diego, Calif., and is the Executive Director of the National Cooperative Procurement Partners (NCPP), an association serving as the premier source of educational content, legislative advocacy and support for cooperative procurement. Ms. Rimes has past sales and marketing experience in the airline industry, retail, electrical utility and formally owned a family winery. She has the unique perspective of working in three different worlds – corporate, government and entrepreneurial.