July 28, 2017

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Gentlemen:

As Vermont-based IT businesses, we have a keen interest in both working for our state, and working with our state to ensure IT projects are procured and managed effectively and efficiently.

Though many of our firms are small compared to multi-national IT vendor and consulting corporations, we are confident our organizations are often able to provide IT expertise and support more effectively than larger firms, almost invariably at a lower cost. Some of this efficiency actually comes from our size. For example, we are not supporting a team of business development

writers dedicated to responding to government RFPs. As we see it, current State IT procurement procedures often prohibit the state from benefiting from our strong commitment to the state we live in, our intimate knowledge of the state's needs, and our expertise.

As a group, we have experienced frustration in the past in our efforts to procure State of Vermont IT projects. Some common themes of our frustration include:

a) A lack of feedback to our proposals.

b) A lack of transparency to the procurement process and decisions.

c) A perceived bias for large multinational corporations at higher overall cost.

d) Varied levels of IT expertise by those making IT procurement decisions.

e) Systems are tightly specified in a vacuum, without any provision for iterative design and improvement.

We believe improving IT procurement will offer significant cost savings and risk reduction to the State of Vermont. As a group, we decided our most proactive and positive response is to propose potential solutions. We want to be partners with the State of Vermont in developing better solutions. Some of our ideas are below. Please know this list was winnowed down from a much larger list, and that there is a lot of stored up energy in our community, as well as a willingness to roll up our sleeves and work with the administration on improving the procurement process.

Ways to Improve State of Vermont's IT Procurement Process

(Some items have additional community rationale — they are italicized and in parentheses)

1) We recommend more real-time transparency in the bidding process. We think the State of Vermont should commit to publishing IT contract information online within a reasonable timeframe. Information such as:
a) The winning bidder.

b) The list of all bidders.

c) Information about winning bid, including price.

d) The final contract signed.

e) A short description explaining why the winning bidder was chosen.

(Information and data is critical for developing our businesses. We can use the information above to improve our proposals, to learn where we should be spending our energy and time, and to learn how we need to improve our organizations in order to better compete.)

2) Simplify the RFP process. Currently it is very time consuming and some requirements seem arbitrary.

a) Issue only RFP (Request for Proposal) or RFB (Request for Bid) not RFI (Request For Information) or similar requests. RFIs take the same amount of time to respond to as RFPs, but there is no assurance any contract will be granted. A brief indication of interest in a project would be a reasonable response to an RFI.

b) Simplify the RFP process by requesting only the minimum information needed to choose between possible vendors. Consider a set of contract terms that all interested vendors can review and sign off on before even looking at the RFP.

c) Vendor selection should be based on quality and price, not only price.

d) Describe the problem the system needs to solve, and then let the vendor guide the solution process, which may be agile or not.

e) Focus selection criteria on the capacity to get the job done well coupled with price, not price alone.

f) Prioritize the vendor's commitment to departmental mission (e.g. school improvement, public health, environmental protection).

(An additional recommendation, if there is interest in supporting Vermont-based IT businesses, is to provide an opportunity for Vermont firms to present their solutions in an interview with the requesting agency. These interviews could help Vermont firms better understand the State's IT requirements, improve their offerings, and would serve as a way for Vermont's business community to build relationships with government officials and personnel over

time. Currently, many larger, out-of-state companies have personnel or lobbyists that are focused explicitly on relationship building with State of Vermont officials, which can leave our community at a disadvantage.)

3) Although Vermont follows "reciprocity" laws regarding contracting, when all other factors are equal the State should provide a preference to Vermont businesses for IT contracts.

4) Create a pro-bono peer review board, pulled from our community, to review IT and technical projects, so that the State of Vermont garners input from industry experts familiar with the technical requirements. Such a board could:

    a) Save the State money and optimize investments.

    b) Drive more engagement between the State and its IT community.

    c) Engender more trust between the State and its IT community.

5) Consider executing large-scale IT projects broken into stages and even smaller projects so that more VT businesses could get involved. Often the scale of projects is so large that they can be overly expensive and may not succeed. The State may not have the personnel capable of effectively managing such large projects. We can structure our RFPs and contracts to support a more agile and manageable process where we achieve better outcomes via the rapid, continuous delivery of useful software. The experience, commitment, and capability of the vendors should be emphasized rather than process and tools.

(A year ago, we understood that the State of Vermont was considering such an approach to the Integrated Eligibility project. This makes a lot of sense. There is no reason IE needs to be a monolithic project. The IE project is extremely well suited to be established as a pilot project at a single specific agency within AHS, where the State of Vermont can test ideas at a minimal risk. A larger scale implementation across multiple agencies could then become a set of smaller projects executed by a group of companies.)

6) The Vermont online bid system and business registry needs to be refreshed, brought up to modern standards, and populated with information and tools that would truly help our community. Information at this site could include:

- Recorded bid conferences for RFPs.
- The State of Vermont's five year IT strategic plan, along with proposed projects and rough budget estimates.

(For example, the strategic five-year plan is a useful document, particularly for potential bidders on IT projects. It should be embedded into the site where other procurement information is posted.

7) Use experienced IT executives to help make the decision of which contractor to use. The vtTA will help find volunteers with the proper experience to help the State in choosing between potential contractors.

8) Review the concept of the State's preferred vendor list:

a) What are the goals of this program and is it achieving them?

b) What happened to the web design services list?

c) Is the refresh rate (every two years) of the vendors list, the right time frame?

(We believe some clarity should be established around this list. Has it been worthwhile and effective for the State? Is it promoting the IT community in the State of Vermont?)

We believe the Vermont IT industry should assist you in clarifying and simplifying Vermont's IT contracting process. This will benefit State government by increasing efficiency and reducing cost. In the end, the collaboration may also improve opportunities for the Vermont's growing tech business sector. We welcome the opportunity to continue the conversation or provide more information.

Sincerely,

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