Child Welfare IT Managers' Webinar Series: Procurement and Contract Management

"Writing and Evaluating an RFP"

January 30, 2014

Presenters: **Joyce Rose**, ICF International
David Jennings, SLI Global Solutions

Coordinator: Welcome all and thank you for standing by. At this time all participants are in a listen-only mode until the question and answer session of today's call.

At this time -- at that time; pardon me -- if you would like to ask a question, please press Star-1. Today's conference is being recorded. If you have any objections, please disconnect at this time.

I will now turn the meeting over to Ms. Joyce Rose, you may begin.

Joyce Rose: Thank you and welcome to the Procurement and Contract Management webinar series brought to you on behalf of the Health and Human Services Administration for Children and Families Children's Bureau and presented by ICF International.

Today our topic is writing and evaluating your request for proposal. I am Joyce Rose, your host and moderator for today's webinar.

Changes in funding availability and priority mean that opportunities for in-person discussions and networking among professionals working at agency child welfare IT systems are limited.

As an alternative, the Division of State Systems within the Children's Bureau is offering a series of webinars supporting information sharing and discussion. The content of the webinars is structured so as to appeal to a wide audience participating in an agency's child welfare IT initiatives including state and tribal child welfare staff.

All webinars are recorded and published on the Children's Bureau website listed on this slide. With that, I would like to invite Terry Watt, Director of the Division of State Systems Children's Bureau to welcome today's attendees. Terry?

Terry Watt: Thank you Joyce. Good afternoon or morning to all of you. I hope you are warm. I know a lot of you are in some cold weather.

Today we're going to hear from Dave Jennings, who is a member of the vendor community that works with public agencies to build human service information systems. We'll hear his views and ideas on writing and evaluating RFPs. And hopefully you'll be able to learn some things that will help you as you try to write your own RFPs.

The presentation, as Joyce said, is part of a series of webinars that we are sponsoring through our technical assistance vendor, ICF International. We hope you find the information useful as you conduct procurement in your various jurisdictions.

And I say jurisdictions because I do want to announce that as of today's presentation, we have extended invitations to these technical assistance webinars to our tribal IV-E grantees and programs so that they may also learn from them.

With that, let me hand it back to you, Joyce.

Joyce Rose: Thanks Terry. As I mentioned previously, today's webinar on the procurement and contract webinar series is entitled Writing and Evaluating an RFP which I think you will find unique and interesting as, as Terry said, it is being presented from a vendor's point of view.

Subsequent planned webinar topics are negotiating and managing a contract, managing small projects, managing scope creep and change orders and then saying goodbye to your vendor. Elizabeth, would you change the slide please.

The remaining webinars through June, July, August and September are subject to discussion at this time. So please watch for information regarding the topics of those particular webinars.

We are very interested in knowing - I'm sorry. All of our attendees are encouraged to participate in our webinars with questions and comments. All of the participant lines are muted now. But we will open them for the two planned Q&A sessions.

One session will occur midway through the presentation and the other at the end of the presentation. Please be aware that you can submit questions at any time using the Go to Webinar Chat feature. And those will be addressed during the two Q&A sessions.

Now should we run out of time, we will be happy to respond to your questions via email and/or should you have additional questions, you may submit those to me at the email address listed on the slide, joyce@kassets.com.

So we are very interested in knowing who is attending this webinar as it is our intent throughout all the webinars to make the content applicable and attractive for everyone participating in an agency's child welfare information system effort. We ask that you self select one of the five categories listed above or listed on the slide.

Elizabeth, would you please conduct the poll?

Elizabeth Mertinko: I will. So at this time you should see on your screen the options for who is attending today's webinar. And I see people are starting to respond. We'll just give you a few seconds too.

We still have a few responses coming in. Only about half of you have voted. So if you could get in there and cast your votes so we know who is participating today. Okay we're up to 75% now. I'll just leave it open for a more seconds. Okay.

And so it looks like today we have 28% of our participants are state child welfare information system project managers, 33% are state child welfare information system program, policy or technical staff. We didn't have any tribal child welfare project managers or staff that indicated they're participating.

We do still have some people coming into the webinar though. So I hope they'll be joining us a little bit later. And the remaining participants are ACF Children's Bureau personnel or ACF contractors.

Joyce Rose: Okay, Elizabeth thank you very much. And attendees thank you for selecting, self selecting your discipline. Again, we hope to have some of the tribal child welfare people join us prior to the end of the webinar.

So let's now take a quick look at today's agenda. Elizabeth, if you could get to that slide.

Elizabeth Mertinko: Yes that should be up. Yes, let me hide the poll, sorry. There you go.

Joyce Rose: Thank you. So the format of today's webinar is an introduction of the participants followed by approximately a 60 minute presentation. And also a reminder that today's webinar, we're going to have two attendee Q&A sessions. And then we will end with a short wrap-up.

So let's move to the introduction of our key presenter. Dave Jennings, Mr. Jennings has over 35 years of experience in system project management and business development to the state health and human service community.

Over the span of Dave's career, he has worked with the ACF TANF food stamp, SNAP, Medicaid, child care, child support, WIC, public health, and unemployment insurance programs. He leads business development for SLI Global Solutions with a current focus on providing IV&V and QA support on complex state health and human service IT implementations.

In his role as Director of Business Development at SLI and previously at Northrop Grumman, Dave has analyzed and responded to hundreds of state RFPs. In addition to leading capture themes, Dave has served as Director of Proposal Operations responsible for managing proposal resources and production.

Elizabeth, could you move to Slide 7, please. Dave is an active member and former chair of HSITAG which is an association of health and human services contractors promoting the intelligent application of IT to the delivery of administration of health and human services programs.

He has also served on APD reform initiatives and the ISM Conference Planning Committee. We are so pleased to bring a person of Dave's credentials to our webinar series.

And myself, I retired from the State of Wisconsin and have been directly involved with several ACF Children's Bureau sponsored training events since 2004. And with that, I will turn it over to Mr. Jennings, Dave.

David Jennings: Hey thanks a lot, Joyce. I appreciate that intro. You know, the 35 year part that gets a little old after a while. I couldn't be the smartest guy in the room so I decided to stay in the room longer than anybody else. And that might be one of the reasons I've been asked to join.

But I'm very honored to be here with this group and to discuss a little bit with you how we look at RFPs from the vendor community in a way that you might hear some things that might impact and influence how you put your RFPs together that might not communicate as much risk, needless risk. And that's what we're talking about.

So at the end of the session hopefully you'll be able to recognize the value of each section of an RFP, you know, from a vendor's viewpoint. You'll be able to align your RFP requirements with the procurement type that it belongs in.

And obviously what we all want, both on the state and the vendor community, is to have better RFPS so that you get in it more responses, better responses and innovative solutions on that.

I do have a little bit of disclaimer. These opinions in this presentation are basically my own. They're not from my employer or any other organization. And it's just put out there for you to think about and see if it works for you or not.

So let's go ahead to the next slide Elizabeth please. So the first thing we want to do is what are the different procurement types? Well there's a lot of different ways to slice that pie. But I slice it into three slices, and commodities, and then our friends, hardware and software, professional services and solutions.

I think these are about 90% of the procurement types that you're going to run into in doing the things that you do. So let's go through them one at a time and we'll move onto the next slide and take a closer look at commodities.

If you're developing a commodity RFP, if you're buying hardware and software, what are the types of characteristics that would be in there? Well you should be able to describe the item you're buying with precision. You should know exactly what is you want, how many you want, when and where do you need them.

Now why you need them, not so much, you really don't have to spend a lot of time explaining why you need or why you need a particular server on that. But you need precision here in these areas.

On the RFP sections, you should pay the most attention to, in my opinion, would be obviously in specifying and defining that item that you're buying which in this case would be a deliverable and the payment terms because if it's the same item, the price becomes the key evaluation criteria.

And that's why this is described as a procurement type commodity. And commodities distinguish themselves almost primarily on price. So if you get the lowest price compliant bidder on something that you've described well that should be the winner. And these are pretty straight forward.

Let's go to the next slide please and we'll take a look at professional services. Well professional services, you're buying some staff. And you think that those staff are going to do tasks that you need done.

So as you're putting together that RFP for professional services, this could be for a staff augmentation contract, or a project management office, or a feasibility study, or an alternative analysis of different types of systems, those types of things, you should describe, you know, what is it that you require of these people? What are the credentials of the people you want to perform this work? How many people you need and when and where are they needed?

Here the key RFP sections are the scope of work slash services, the corporate quals, staff qual and references. And when you evaluate you're going to be primarily be looking at the people, the staffing, the rate.

So here is kind of the three Rs rule. It's not up here but it's rate, references and resumes. And as you take a look at that, the best value should have the highest qualified staff at competitive rates. I mean they're not the lowest rates.

If your procurement allows you to award to other than the lowest bidder, you might be looking for a best value aware. Okay let's move on.

Well this is a horse of a different color here a solution procurement. A solution could be a system, could be a system of systems. It could be an entire enterprise, an enterprise architecture with multiple systems and an inter operating with each other. There's a lot to think about here.

This is a combination of hardware, software and people that hopefully combine to create a desired state that you want to get to. So as you're putting together a solution RFP, you want to think about what is the problem that you need solved? What are the desired outcomes which would be when you get those outcomes maybe that will tell you that you solved those problems.

The performance standards, deadlines; deadlines are key here. Deadlines, you can read schedule into that. When you're putting together the RFP sections on what you need to pay attention to, you need to pay attention to them all. I don't think we need to read through this but scope of work, background, goals and responsibilities, deliverables, acceptance criteria, term of the contract and there's more on the next page, payments.

And evaluation criteria should be the technical approach of the solution and how that solution is going to be implemented within your existing environment. Past performance, have these people done it before, the qualifications of the staff and the fixed price.

So here the best value would be the highest scoring technical approach. Who's got the solution and the approach you like the best. Who has the best past performance? And here's one, who has the least exceptions to your Ts and Cs? Those are terms and conditions at a competitive fixed price.

If one vendor's proposal rises to that level, there's a good chance that's the one you're going to select. Okay, Elizabeth, let's move on.

Okay and this little chart here is trying to show and I think it's fairly obvious that from a scale of complexity on the vertical and risk on the horizontals, that commodities are the least complex and the lowest risk. Services are somewhere in between.

And solutions literally can be off the chart in both complexity and in risk depending on the scope of what you're trying to accomplish. You know, while that solution is represented in

my icon here as a button, that's not the easy button from Staples. These are extremely complex.

So let's talk about risk a little bit, if we could go to the next slide. So here's my friend the rhinoceros and when he's out looking at things in the world that he lives in and occupies, he kind of always sees this thing in the foreground on that.

Vendors are the same way. We look at RFPs in our world through a lens or risk. And when we see it we need to react. That's pretty much our job and thus in our DNA as well just like the rhino, okay.

On the next one, risk is a four letter word. It seriously is. In Corporate America, the people who run the biggest corporations in the United States that are in this business, the Accenture, the Deloittes, IBM, CGI, nothing strikes fear in their heart more than the words fixed price systems element.

When you see fixed price systems element, your company is making a bet that on a certain day you're going to deliver a solution that will satisfy the client. And if you don't, bad things happen. These projects are viewed as the riskiest projects in Corporate America.

There's a tendency to have solutions that are more cost related now. But big chunks of the solution are already put together to try to reduce that risk. When Corporate America sees risk, they only have one cure for risk and that's more money, higher revenue.

So this is a complex calculation that corporations make between fear of risk and greed for money. And that's what drives the business decisions. And most importantly it drives the costing of we're going to put a bid in but, you know, we're going to price that risk in there.

If your RFP doesn't put risk in needlessly and is very clear on what risks you're concerned about which would be the risk that have a probability of occurring not the possibility of

occurring, if your RFP speaks to that, you can reduce the risk factors built into vendor's responses, you could increase competition and you could decrease cost.

You know, risk is there. It's a real deal especially on the solution side and it should not be ignored. But don't pile on risks that are really unlikely to occur in there to take a shotgun approach.

Try a more surgical approach looking at other states that have tried to accomplish the same thing you have and come up with those risks that are of most concern to you and address those appropriately. Let's go to the next slide here.

Well this is the wall of worry. And this is what I have to climb and all my counterparts have to climb every time we open up an RFP. And internally, we gather around the campfire. We call ourselves the capture team.

And we go before a date review committee and we try to compete for what is called bid and proposal dollars, B&P so that we can bid. And this wall of worry, we have key staff, references, NDEs, SALs, bonds, and so on and so forth, holdbacks, cash flow, Ts and Cs, liquidated damages, all of these are bricks on the wall.

And the more bricks you put on, the higher the wall is. The harder it is to get over and climb internally, and the less likelihood that you're going to get multiple bids associated with it.

Okay I think we're up to one more slide here before Q&A. So cause and effect, so over on the left there's a guy on a tightrope at the top walking across a swamp full of alligators. And those are the risks. And these are the causes.

And on the right, the vendors have placed a cushion to replace the alligators. And that cushion is money. You know, that's the increased revenue that they've built into their costing.

So your job as the agency is to protect the agency, protect the state from shoddy workmanship and schedule slippage and from not taking advantage of the new technology that you're paying for. And so you have a series of protections.

You have holdbacks so if the deliverable, you were going to give $100,000, you holdback 20% on each of these deliverables. You have bonds, bid bonds, performance bonds. You have penalties if certain things aren't met.

You have warranties which I think are pretty much useless. I really don't see many states getting much value out of their warranty as they move from DDI, design, development and implementation into production. Because that vendor, you've got him in there doing M&O work probably.

The other cause that you have is the transfer risk from the agency to the vendor. You know, you can do that by payments tied to external approvals. So, vendor, you're not going to get paid for the final delivery of the system until the feds come in and approve it.

Okay well that adds a lot risk; we haven't met those feds. We haven't met those feds. Or you have some other governing board that's an external approver, that's a lot of risk to us.

Penalties tied to non-system milestones or performance. If you have an outcome or performance measure that's not system related, the people building your system don't want to sign up for it. On the protections, then there's usually backed loaded cost of money in the pricing. I have to go out and get a bond.

You know, the security company charges me money. I put that into the bid and I load it. I load it with profit, with fee, with overhead. And so if the bond costs $100,000 by the time it gets to you it probably costs about $175,000.

On the risk, we increase something called management reserve. And management reserve is kind of a slush fund. It's a bucket of money that's put out there if these bad things happen

we've got some money here over and above the money that's required to put the solution in that we can dip into when we get in trouble.

And if we avoid that risk, eliminate it or mitigate it to some degree, that MR, the management reserve goes into profit. It's not returned to the state. So we need to be careful of our cause because it will have effect. These things on the left aren't necessarily bad things. They're appropriate when they're appropriate.

Okay, I think we're up to the first Q&A.

Coordinator: Thank you.

David Jennings: We'll take about ten minutes and see if there are any questions on what we've discussed so far which is a high level view of risk and different procurement types and the complexity associated with them.

Coordinator: Thank you sir. We will now begin the question and answer session. If you would like to ask a question, please press Star-1 and record your first name clearly when prompted.

Your name is required to introduce your question. To withdraw your question, you may press Star-2. Once again, if you would like to ask a question, please press Star-1; one moment please for our first question.

Elizabeth Mertinko: While we're waiting, we do have one question that's come in online. And I don't know if you might be planning to talk about this later but could you mention one or two things that would make a vendor say sort of right off the bat, I'm not going to bid on this?

David Jennings: Yes I am going to talk about that. But the very first thing that comes to my mind is the mandatory corporate qualifications. You know, do I need them or do I not? And when you say mandatory we look at it that way.

So if it's mandatory that I build a child welfare information system in a state that had a caseload of two million and I haven't as mine, in the case of state with a caseload of one million, I might ask a question. But if it's still two million, I can't get around that. That would be one. And I think we'll see some others as we go through it.

Elizabeth Mertinko: Okay; perfect. Millicent do we have any callers on line?

Coordinator: No at this time we do not have any questions in queue.

David Jennings: Okay well why don't we go ahead and move on then.

Elizabeth Mertinko: Okay and you had asked for a time check; we are right at about 2:30 so we have about an hour left.

David Jennings: Okay it sounds good, thank you. We're on Slide 20 now. Now for the rest of the presentation, we're going to look at each section of a typical RFP.

And for most of these sections we're going to look at it from the perspective of solution procurement, not really a commodity. And on a few of them we'll certainly be looking at it not just as a solution but for professional staffing as well so just key personnel qualifications.

So you can see them here. You may have some that are named different or you may have some that you leave out and others that you add in. But this is pretty typical of what we're going to see in most RFPs. So let's go to the first one and the statement of purpose.

So for the rest of the slides in this deck, the blue font is going to be the name of the section. And it's a little description about what a state might expect to put in there. And the black font after that, is this is how, you know, your vendor representative today, Dave Jennings, would look at it on that.

And you see my little rain, it’s raining risk icon on the right when what we're trying to do is protect ourselves from that. So the statement of purpose, well what are you looking for? Well what I want to see in a statement of purpose is what's driving this procurement?

Why are you going through this bother? Is it a new legislation like the Affordable Care Act? Is it a new business model? Are you doing business in a different way where you used to be online and now -- not online -- it used to be in person and now you're going to go with more of a call center?

Or there's technical advancements that are out there that you're not taking advantage of. And the efficiency of your people would be greatly improved. Or do you have staffing cuts? Is your governor telling you to cut staff?

And when they tell you to cut staff and workload's not cut, it's pretty much technology is about the only lifeboat you've got out there. And when the system is up in your statement of purpose, what will it accomplish?

Will things be better, faster, cheaper? This is kind of important. I'm interested in this. What's driving your purpose here, the premise, drives my narrative of what I'm writing to, if it's a new business model that's a different thing than a technological advancement.

It can also impact my team of who I go out to look for to join my team. These are usually done pretty well I think in most of the RFPs that I see. But this does need some attention and it’s not just an afterthought. Next slide please.

Now I'm going talk about background information. And this is all pretty key stuff here for vendors on the background of the agency's operations, user demographics. What I really want to know is who owns this procurement? I mean who's going to own the solution not just the procurement part. I apologize.

Who's going to own the solution. I'd like to see an org chart. I'd like to know somebody's in charge that there is a single person at some part in the organization that is in charge of this engagement. I'm very concerned if it's been tried before and what happened. And why are you doing this again if it's been tried before.

You know, funding, is your team in place? I'm concerned about are there other vendors involved? You know, who wrote the RFP for example. Are you going to cut away some of this and give it to some other vendor? I'm very curious about all of these things.

If the agency is split or merged in the recent past, I'd like to know that. I'd like to know about the relationship, formal or otherwise, between your state IT shop and the child welfare program. I'd like to know if you have any consent decrees out there. And I'd like to know how any of those things relate to this procurement. Next slide please.

Scope of work, is the agency defining a solution or a problem? RFPs in the vendor community are kind of in a transition period here between should an RFP define a solution? Or should it define the problem and let the vendors define the solution?

Traditionally RFPs and taxless child support eligibility systems were some pretty large documents, the dependencies, every requirement known to man down there, very prescriptive, you know, telling you exactly what you want. You know, how it's going to work. Is it going to be turned to the right or turned to the left on this group? We're really getting down into the weeds.

And that kind of made sense when the system that was being built was being custom coded. The new systems now that you're going to see, most proposals coming to you, are not going to be we're going to code from scratch. They're going to transfer in from another state.

Big parts of it are going to come from COTS. And they're going, you know, you've got to be willing if you're going to accept the COTS or another state system is to maybe change some of your processes where you can so you don't have to recode things. And you go in there and

take the back off of a TV and that has a lot of risks going into a COTS to change it just so it can meet an existing process that you have.

So many states are transitioning into describing the problem. This is my problem. I'm not getting the information I need at this time from these sources. And don't get down into prescribing what the technology needs to be. And that's going to continue for quite some time.

I think this is very key and this is something serious that you should think about between the IT and the program people, and the procurement people before you start writing your scope of work. Are you going to define the problem or are you going to define the solution.

And if you define the solution, vendors are going to think you've already seen what you want. And if you define the problem it's more likely you're going to get more responses.

This can be to one of the caller's questions on what can kill the job right away is an unrealistic schedule. Twelve months to put up a statewide system of any type where you have to train people to do conversions, roll out any type of software, hardware. That's not a schedule; that's a death march and everybody will suffer the consequences of.

It's been done a couple of times and it's been done on the factless world in Oklahoma back in the day in the 90s. You really have to have some realistic schedule. If the schedule is not realistic that risk can overcome the greed for many organizations.

Okay let's go to the next slide, please. Now we talked about this with the question, the corporate quals is the first brick in the wall of worry. And if I can't climb over that brick, I'm done, you know. So look at and take these seriously and be careful about what you require as a mandatory qualification.

In the example we talked about in terms of caseload, is it really that important to you if you know of a solution in one state who has 50% of your caseload or 75% of your caseload and

that state is very happy with it, you're not even going to consider that in your state just because you're a little bigger on that?

Do you really think the technologists and engineers won't be able to figure out how to scale that? Because that wipes out a whole lot especially if you're a big state. If you're Texas, New York and California and you put in this it's got to do the same caseload as mine, then well you're kind of limited to one maybe two solutions out there if any.

So you look to see if they're too loose. If you haven't thought about all, are they too restrictive. Do subcontractor qualifications count? I think they should. And is there any conflict of interest? Has anybody worked on the RFP that you're putting out and they're not allowed to bid; that's nice to put in there. So next slide please.

Okay so key personnel qualifications. This obviously applies to the services, professional services, procurement types as well as the solution types on that. But are your qualifications reasonable? I've seen qualifications with people that literally don't exist.

You know, they need five years of health insurance exchange experience. Well they haven't been around five years. Or they need to be expert in Java and .NET and Cobol. Well that's kind of an odd duck. You don’t see that walking down the street very often.

How many key staff do you have? Is everyone on the team key? That seems a little bit of a stretch. Can an out-of-state vendor win? I mean do you have it in there on your qualifications that these people have to move to your state to actually be awarded the job?

Can credentials be substituted by experience? In terms of a PMI which I have a strong belief in PMI and it's a great certification for your program management but someone, you've got 20 years of management, would you allow that to be, you know, a substitute? Maybe you would; maybe you wouldn't but don’t be silent on it.

And can subs be key? And I think they probably should be or why are they even on the team if you're not getting some key staff or some key part of your solution from them. The next slide please, Elizabeth.

Okay outcome and performance standards, these take a lot of thought to write up good ones as you’re putting together the RFP. You know, I'd like to see are the outcomes realistic and most importantly are they related to the system?

The system is not going to give you a better program. And if that's you're outcome, it's hard for people who build systems to stand up to that. The system can provide better access to information so that hopefully better trained staff can do things in a more efficient manner which could result in a better program.'

But workers could ignore the system as well. And as a vendor I don't want to be responsible for that, okay. You'd like to know what exactly those measures are and who's making those measurements. Keep them related to what you're buying. And if the outcome is that everybody is going to be happier, that's not a good one because that rarely happens.

The next one, please, deliverables, you know, these are key things. This is kind of how we get paid other than the community. You have payments tied to deliverables. So getting deliverables approved if the process is seen as inefficient by the vendor community, we'll put a lot of risk in there for that.

Who does the approval process? How many bites at the apple? So I give you a draft deliverable. And you make comments on several sections and I give you that back because I've taken care of those comments. And then you have some site deficiencies on sections that you didn't cite the first time. We call that another bite at the apple.

And it sets up a self perpetuating vicious cycle of eating up time. And, you know, not meeting those schedules, there's probably some penalties associated with that down the road. So this is important. RFPs can have, you know, 100 deliverables.

And if you're going to look at a deliverable expectation document apart and approve that. And then the draft, and the initial and you're going to take two weeks to do all of those things, well, your project is not long enough to take care of that.

So try to be a little, you know, look at that and make sure that you're not really cramming things in. You might want to bundle some deliverables together into one document. Like a project management plan could have the communication plan in there, the risk management plan in there, the change configuration plan in there.

All that in the one document with separate sections. Rather than each of these be independent deliverables with independent approvers on your side of the fence. Next slide please.

The term of the contract is pretty straight forward. There's usually a number of base years with the system. There's usually some option years in there for maintenance. Obviously vendors prefer long-term contracts. And they're looked at more favorably. And they're more attractive.

The business model of a system, BDI, vendors and the state and local marketplace is pretty much all the risk is on the frontend. And when you get into operations and maintenance that's kind of seeing the hum of the system going and that's an annuity revenue stream. And that helps spread the risk across the longer life of a project on that. But this is pretty straight forward; next slide please.

Okay this is one that gets a lot of attention from vendors, payments, incentives and penalties. But there's money in a mousetrap down there. And what we kind of say to you, you need some mousetraps with your money, sure. If you're not getting the level of performance that everybody agreed to, there should be penalties pushing it. You should be protected.

But you wouldn't go out and buy multiple policies, insurance policies for your car. So once you have something protected, don't pile on and add additional protections to that. So you can list them, you can highlight incentives. We don't usually see a lot of that because people just argue about was an incentive made or were they not. Let's go to the next slide.

So from a vendor community, I'm looking at will the cash flow work? Am I loaning the agency money? Every firm, the biggest firm in America in this business, you know, is serious about cash flow. And none of these corporations are monolithic corporations.

Who you're dealing with is a small cell -- a self-contained cell usually -- that has their budget numbers and their cash flow objectives and they need to meet it on that. And is there a holdback? How is it released?

Is the release of all at the end? That's not a good practice. Look for as it goes to the next phase and the system's on a lifecycle and it goes from design to development, any holdback in design should perhaps be released when you say that's design is ready to go into development.

Then you hold back from development, should you release when it's ready to go into implementation and so forth. You know, is there a warranty? Again, I don't see a lot of value for vendors or for the state in warranties. You can look at your own states and see how many times vendors are in there fixing things for free for you. I don't see that a lot at least in my history. (Unintelligible).

Is there a cap on penalties? If there's no cap, if the person who is making decisions from the vendor side, you know, are we going to bid this or not, sees no cap at all. And it could be additive and exponential over and over again. I could lose the whole company. It's not fiduciary responsible for a vendor to bid under those circumstances.

And there's some more on the next slide. Are there service level agreements? Now this usually occurs, the service level agreements occur when it's in maintenance and operations. So are they based on industry standards?

You know, is it within .5 milliseconds for most of the industry and you say .2, do you know what you're paying for to get that little infinitesimal bit better but it's better than the industry standard. You could seriously increase the price by 40% with almost no payback in benefits to the state.

Are the SLAs that you use, are in the vendors' control? Response time can be an example on a web-based system. You know, when you measure that, what are we measuring it? Is somebody out in the boondocks using a dial-up?

It needs to be in a closed environment so that any of the problems or disruptions in service can be attributed to the system that the vendor put in there. And this I think is a very good industry practice when you go to maintenance and operations for a service level agreement, have a grace period for about six months.

Let things settle down a little bit. That's a new best practice that's emerging and I think it's in everybody's best interest. Rather than piling on penalties right when a system is coming up, again and you're encountering data that you never expected to encounter and the vendor is in there trying to fix it, you know, the penalties aren't that helpful.

Once you get through the stabilization period and you now have a benchmark, you might want to readdress those service level agreements and move forward from there. Some events that occur, you know, data corruption for example, could hit multiple service level agreements.

So I have one error and 19 SLAs are ringing up the board and it can drain your money on that. You should have a cap on that and limit the failures to the most significant penalty and not have all the children of that penalty come onboard as well; the next one please.

Okay Ts and Cs, a lot of vendors, you know, guys like me or there's a settlement guy, you know, this is a lot of boilerplate. And you need this for the place. It should be for replace to the procurement type. Commodity boilerplate probably shouldn't be in the solution and vice-versa on that.

So, you know, you want to see if your Ts and Cs are relative to the procurement type. Or you want to state are exceptions allowed? Or are no exceptions allowed? Is this take it or leave it? Are there any limitations on liability?

You know, Oklahoma was a famous state where the attorney general said in a written agreement that they weren't going to have any limitations on liability and they couldn't get anybody to bid on their jobs. So they reversed that down there.

But if you're silent on limitation and liability then the vendor assumes that there is no limitation. So in the companies, this is what the vendors, contracts people signoff on. They don't know much about the solution or your program. They're reading this strictly through legal eyeglasses to identify legal risks.

They're paid to protect the company. And you can't argue with them. Well they say no, we can't meet this, nobody's going to listen to the sales guy and tell you oh, yes we can. That's a bad legal opinion on this.

So make a partnership with your procurement folks and the contract folks to make sure that you're including the Ts and Cs relevant to the type of procurement, to what you're procuring. And not let it be just a holding basket of everything under the sun that is in your procurement regulations for all types of procurements in there. The next slide please.

Okay you may recall that early in the introduction that Joyce gave me, I ran a proposal shop. And we pumped out about 100 proposals a year, you know, two a week. I had a dozen people working for me and it was a production shop.

You know, you've got big printers, color printers, all those types of things and binders and the real considerations with it. But when you put together that section of your proposal -- of your RFP, excuse me -- this is what your proposal format should look like.

The very first thing I look at is does the format align with the evaluation criteria? Later on we'll talk about evaluation criteria but if there's an evaluation criteria, there should be one place in the proposal format where it's very clear that's where I should be addressing that evaluation criteria.

I like page limits. I think they eliminate a lot of fluff and marketing brochures in the responses that you receive. Under spreadsheets, this is becoming pretty common now on the cost proposal that a state procurement shop puts out an Excel spreadsheet. And we vendors enter in the numbers and it calculates our price.

Well make sure it's correct when it does calculation. They sometimes are not. They don't consider inflation factors that you've allowed in there. And also when you get to the cells on the spreadsheet that are going to be the cells that you actually score, you know, the totals, those should be in bold.

So everybody knows that's what we're driving for and that's what you're going to look at. Electronic submissions are becoming more and more and, you know, obviously the production shop likes that, you know, putting together in PDFs or, you know, flash drives.

One state actually gets their and demands that they get it on iPad on there. So there's one continuous page number. So for each section, you know, when we're putting together a section, we like to page number that section. So Section 2 would be 2-1 to 2-n.

So RFPs come out and say they have to be continuous, you know, from beginning to the end. Well that means we can't print anything until everything is ready. And that really holds

up the shop. It seems minor but it's actually a very annoying administrative burden. Okay next one, please.

And the process schedule, so this is your process for dealing with vendors once the RFP is on the street. So we look at it first, is there enough time between when you put out the RFP and when the due date is? The 30 days is seriously the bare minimum on turnaround. And that's for professional services only.

On solutions, especially complex solutions, 90 days is what you need. A lot of team goes on and those teams' agreements, between organizations, corporate organizations, require a lot of lawyers and a lot of meetings. And getting the best team in place is really valuable to you as well.

Don't cut it real tight. And a lot of times you don’t have a choice. These states come down from on high. On the Q&A, please consider having two rounds of Q&A whenever possible.

So you have one round of questions. And there's that second bite at the apple. Vendors give responses; we might have a question about that response. This is very helpful and that's a best practice as well; the next one please.

Evaluation and award, down at the bottom, the takeaway here is, your evaluation criteria to us -- to the vendors -- this is what you value. This is what the state values. And when you write them, write them that way because that's what we should respond with.

If it's not what you value, try writing them again. The evaluation criteria should be relevant to the procurement type. I think that's pretty obvious on that. There should be weights. If there's no weights and you say we're going to, you know, we're going to consider these evaluation criteria but not in this order.

We're not going to assign any weights well you're telling me that you're going to have a subjective view here rather than an objective view on that. And that you can move around.

You know, it's hard for me to tell if you did a good job of evaluating apples-to-apples on that.

Is there a best and final, an offer, are there orals? Don't overweight orals. I've seen an increasing number of RFPs with orals. It's almost as much weight as the technical proposal. I think orals are important and you should want to work with people you want to work with.

And some people can really wow you. But they may not be the people who are going to show up. You're really making a contract with the corporation. And the corporation put a proposal together.

And a one-hour, two-hour oral viewed as critical as a proposal that took 90 days to put together, that seems a little out of balance to me; the next one please.

This is kind of a push-and-pull problem here that you have a quiet period. And that quiet period when you don't talk to vendors anymore about procurement, that shouldn't start until the RFP hits the street. And then it should definitely start.

But before that, you know, if no vendor has sat down and talked with you, you didn't have a vendor day, there are no conferences, there are no demonstrations. When a business development guy goes to his corporate management we'd like to, you know, bid the system in this state. Put it up there. Have you ever met with them?

If the answer is no, they throw you out of the room. There's got to be a way and a controlled way of having conversations with vendors that do not deteriorate the integrity of the procurement process. And you need to work with your procurement people to find that.

A lot of times they'll say well that's our procurement rules. Well make them show you that rule that says you can't talk to a vendor. And if you do have strict rules then consider going to a conference such as ISM and if you can't, some of your representatives, and visiting with all those vendors at their booth in a public forum so at least some contact is there.

This is really kind of critical, the customer comfort level. If there's no comfort level, it's really to spend several hundred thousand if not $1 million on a proposal when they don't know anybody in your corporation; the next one please.

Hey, well I've been talking a lot, Q&A?

Elizabeth Mertinko: Yes, we'll give you a second to rest your voice. And Millicent if you could remind our...

David Jennings: Yes, I'm going to have some water.

Elizabeth Mertinko: Yes. Millicent if you could remind our audience how to line up for Q&A that would be great.

Coordinator: Absolutely, I'll be glad to you. At this time we will go into our second Q&A session. If you have any questions, please dial Star-1 to record your first name. Your name is required to introduce your question.

If you would like to withdraw your question, you may press Star-2. Again that is Star-1 to ask and Star-2 to withdraw; one moment please for our first question.

Elizabeth Mertinko: Okay while we're waiting for callers to lineup, I'll give you a couple of questions that have come in via the Chat box. And for folks on the line, you can also submit questions via the Chat box if you'd like.

So the first question, when you look at all the requirements, do you always want to know what the state's bringing to the project in terms of the staff they're going to dedicate to the project and what kind of executive attention? How much is that information important or valuable for you as a vendor to know?

David Jennings: Well it's very important for everybody to be upfront about that. You know, going back to that one with the org chart, I'm looking hopefully for an org chart of also the vendor staff that's going to be assigned to the team.

So Delaware is a state that I've had a lot of work with the past. And they say right in their RFPs, we don't have a lot of staff. We're a small state. And they make that very clear upfront.

But there's an expectation of good communication in the RFP of how many staff, are they part-time, are they full time. Is this a priority for them? Is everybody part-time on it? It's very helpful to know those things.

Elizabeth Mertinko: And the second question, can you talk a little bit about the relationship about perceived risks and costs?

So for example, if you think the state doesn't have enough project staff or some of the requirements aren't clear, that we assume would translate into a higher cost. But is there sort of a rule of thumb for what the relationship is between those two?

David Jennings: Well on the requirements, if requirements are not clear, you know, their A could say, oh I could talk them into that. Our system already does that and, you know, and try to keep their costs down. And then their B might take the opposite approach.

In terms of a mathematical calculation, not so much; it gets to be a gut feel.

Elizabeth Mertinko: Okay.

David Jennings: But, you know, we call it a tax. And we may say we need to put a 10% tax on this. These guys are confused.

Elizabeth Mertinko: A risk tax.

David Jennings: Yes.

Elizabeth Mertinko: Millicent, do we have any callers on the line?

Coordinator: At this time we do not have any questions in queue.

Elizabeth Mertinko: Okay I still have a few more online questions. And folks that are listening, if you've got any questions, it's Star-1 to queue up to ask questions on the phone.

So, Dave, in your experience looking at RFPs that come from states, in general, you know, sort of without calling anybody out in particular, but do you think they do a good job of articulating requirements? Or on average, when you read state generated RFPs, are the requirements clear. Or if not, how could states write them more clearly?

David Jennings: Well I'd like to make sure when we use the requirements that we're talking about the same thing. So if it's the requirement of what the vendor needs to do, you know, that these types of staff and they need to meet this schedule, I think that's good. I think they come out okay.

If you're talking about the detailed requirements of what the system has to do, you know, that the automated case assignment based on when someone is out sick or an office closes and they get way down into the weeds on that, that's where we get back to the point about are you defining a problem or are you defining a solution.

And in the past, the vast majority of the RFPs and hundred of pages were spent in those tiny requirements statements. Almost at an if then-else level and there'd be a chart. And it would say does you system need it; yes, no and with modifications, complex modifications, simple modifications, whatever.

And people go through that score sheet. And they said, okay, we need 70% of this. So in modern system development what we found in looking back on that, is by the time that system is delivered some of those requirements have changed.

When you're really trying to automate manual processes that those requirements need to be that detailed, if you're not, if you've got a problem then describe it and let people define a solution for you.

Elizabeth Mertinko: Yes. I think that's where you also talked about too where you start to see so many of the specific requirements that you start wondering if the state hasn't already seen something that they're looking for specifically.

David Jennings: Yes and that's not fair all the time because many times they're going through the D or the requirements of a federally certified child support system or a federally certified checklist system. I don't think that's the way we use (unintelligible).

And so they throw that in there. I mean the problem is you need your system certified. So arguing about the details about, you know, would be like walking into a house and talking about, you know, this light switch kind of needs to be over there.

Your problem is you don't want to be in the dark when you eat dinner. And that's really I think what you and your state management and what the system states really expects you to do is solve problems.

Joyce Rose: Dave?

David Jennings: And I think this is new, and it's changing, and it's evolving. Yes.

Joyce Rose: Dave this is Joyce, Joyce Rose.

David Jennings: Hey Joyce.

Joyce Rose: I have two questions to ask you. In terms of from the vendor perspective, which do you believe contains the most risk, to do a statewide implementation of a transfer system that requires modifications or to do new development?

David Jennings: I don't think there is much new development anymore. You know, the people, you know, from scratch we're going to go up to a user board and say, okay we're going to do reporting. And we're going to do intake. And we're going to do a sector and let's draw the screen from scratch and do that item.

You're not going to see that. Those days are done on that. But the transfer system seemed like a reasonable approach that had very mixed results. And sometimes the results went very well. And the state could go from A to B and 18 months later it was working. And people were reasonably satisfied.

And State B took advantage of lessons learned and saved money. And in many places, the first day and I've been at meetings like this when I was in project management, well we may have said we're buying that other state system but that's not going to work here. You know, so we need to put that away. And let me tell you how it's going to work.

And there wasn't a technical reason why it wouldn't work. Technology, very few of the projects fail based on technology. So the single biggest success factor is does the state want to succeed.

Joyce Rose: Okay, thank you. So now my other question.

David Jennings: Okay.

Joyce Rose: I'm going to turn the tables on you just a little bit and I hope this is okay. But you identified things that states may do in their RFPs which increase risk to the vendor community in terms of their responses.

On the flip side, what cautionary advice do you have for states in terms of what vendors may do that signal risk to the state in the responses.

David Jennings: Okay. Let me think about that for a minute. One thing that jumps to mind is when the vendor shows up with a marquee player at orals. He's got, you know, many years of experience and is widely known and a respected speaker. And he just, you know, talks for days.

Well are you really going to see that guy? You know, if he's not in there as a builder person, you're not going to see him and you should be aware of that. So they say well we have an executive board or a child welfare specialist. And they go around and they visit on our projects and make sure that the latest in assessment technology is being applied; and really?

Call one of their customers and ask them how many times they see that person and check that out. So I'm trying to think. The real risk is it's one thing for me to have the qual. So as a corporation I have a qual that I did this in this north state and I can do it in the south state.

And we did it and the north state gives me a good reference. So you actually want to see people who worked in north state come to south state.

Joyce Rose: Okay.

David Jennings: If the resumes and the quals references don't match, all of these things are true but they're missing the point.

Joyce Rose: Thank you. And I hope I didn’t throw you a curve ball.

David Jennings: No and be careful about conversion too, going to the technical side. And everybody needs to be careful about conversions. Conversion is a mess. And it's very difficult.

And that really requires it to be almost a project within a project. Make sure things like conversion, training get the level of attention that they deserve. One thing that bothers me is well why'd you lose?

Well, the other guy was cheaper. Oh, okay that makes sense. It was, you know, the guy was cheaper. He was cheaper. But when you look at the hours, there was half of the hours in the winning job. There needs to be a reasonable factor.

Joyce Rose: Okay thank you.

David Jennings: Sure.

Elizabeth Mertinko: Millicent do we have anybody on the line?

Coordinator: No ma'am, at present there are no questions in queue.

Elizabeth Mertinko: Okay, I've got a few more online and we have about 13 minutes left. So Dave, if you've still got a little voice, we still have a few more questions for you.

David Jennings: All right.

Elizabeth Mertinko: Okay. So as vendor, what's most helpful to you and trying to make a bid/no bid decision? Reading the RFP, meeting with state personnel prior to the procurement period, an onsite bidder conference?

So, in other words, what do you find really helpful and what do you think is just something else that adds to your cost but doesn't really give you a lot of benefit when you're either making a bid/no-bid decision or when you're preparing your RFP response?

David Jennings: I'm very disappointed in many bidders conferences go to. And I sometimes blame the state and sometimes I blame the vendor community because they sit their on their hands and don't ask any questions because supposedly they don't want to reveal their grand strategy.

And I like bidders' conferences but they're getting less and less relevant. And I think that's disappointing. When the state stands up and says are there any questions and nobody says anything. And they say well that's it; thanks for coming and we're over, we didn't give anybody a fair shot.

Once one person asks a question a few follow. I think those conferences should be where you read through the RFP section by section. Do you have any questions on this? When we say this, this is what we mean. That's relevant.

The other one was meeting with the customer, of course I like to meet with the customer. I don't want them to meet with anybody else but that's not fair. So I like, I think when you have a vendor day and some type of, you know, opportunity to look people in the eye and talk about well what is it that's driving you here. That's key.

But the RFP, the detailed RFP really do both if I'm going to bid here, for me. The bidders' conference unfortunately, they need to be better. They should be. You're making the attempt and I'm embarrassed that many of my counterparts really don't take advantage of it.

Elizabeth Mertinko: So you had said, you know, sort of have the state walking through the RFP section by section and asking, you know, the prospective vendors if they have questions about that section or clarifying what they mean in different sections. What other tips do you have for states about hosting a really effective bidders' conference? What would your dream bidders' conference look like besides for you...

David Jennings: Well to see a procurement guy there. There'd be more than just the project manager there. They'd be the team that you've identified hopefully in the RFP that they'd be there.

Elizabeth Mertinko: Okay.

David Jennings: And they would say things as well. Like I'm, you know, in charge of staff development and here's what's important about training to me. And I'm going to make sure when this system is up that my people have these skill sets.

You know, and I want to hear from you in your proposal this is important to me how you're going to make that happen. It should be a little challenging. This is what I'm interested in hearing from you guys.

Elizabeth Mertinko: Okay that's fair. And that's kind of stuff too that wouldn't necessarily be laid out quite necessarily so clearly in an RFP. So, you know, that would really...

David Jennings: Oh no. The RFP says, you know, the bidder's conference is not a business conference is mandatory or it's not mandatory. And by the way any answers we give you are not, you know, binding until you see them in writing. And it's okay.

Elizabeth Mertinko: Yes.

David Jennings: But to me, it's the bare minimum you can do is to have a bidders' conference. Well in some jobs you don't need it. So clearly you don't need them on the commodity, on some of the staffing jobs you don't.

And some states are challenged in terms of travel, states like Hawaii, Alaska, Puerto Rico, Virgin Islands are challenged there. And I don't see why, you know, teleconference isn't used more often for bidders' conference. You know, we're doing that today.

Elizabeth Mertinko: Yes. Yes absolutely. And another question from online, when states ask for references, you know, obviously as vendors you tend to give them the names that are going to speak highly of them, I would assume.

How can states realistically find out a really good assessment of a vendor's staff qualifications and ability to do the work?

David Jennings: Well we see more and more emphasis on this. Are we talking staff, you think or are we talking the corporation?

Elizabeth Mertinko: I think staff seems to be the way the question was written.

David Jennings: Well many RFPs says, you know, we reserve the right to talk to other folks besides who you list as references. And I would look to see what associations they belong to. I think standards and credentials in the industry has matured are much more important than they were when I came into the business.

And I think that does give you some level of quality. I think you can do interviews with people over the phone with key staff as part of the technical evaluation. But that's tough. And we struggle with it.

I've gotten great resumes and called references and hired the person. And it didn't work out. I'm not sure I have a great answer for that.

Elizabeth Mertinko: And then the last question that I have online, have you ever read an RFP and maybe based on your experience or best practices thought the staff just doesn't have enough staff or they haven't planned enough testing or training or something like that that would affect a bid decision. Or is this again something you would just account for with your risk tax?

David Jennings: Well the risk tax doesn't, it doesn't overcome everything. If you read the RFP and you know it's a train wreck that it's not going to happen. The governor or some legislature says, you know, this has got to be in six months' time and all of this.

And you look at it, there's no amount of money because the smartest decisions I've ever made are on the jobs I didn't bid. You know, where I looked at it and I thought I could win

this, you know, I could at least get in the top two. I've got the quals, I've got the people. I talked to them.

But it just isn't possible to make these people happy based on what this RFP says and to walk away from it. You know, this big shinning or tarnished example actually of Healthcare.gov is a lesson for all of us to take a look at that. And, you know what happened.

That was a project. And the bigger projects they are, it's just like banks, they become too big to fail. So we're going to have a Medicaid enterprise. Whew, okay. Let's define that. Oh well everything is in there. Everything, okay.

And we're going to do that in 12 months. Yes, let me out of here. Because you give me too big to fail and also group think. You know, if the political powers that be are behind this happening, it's hard to report that it's not happening for those reports to go up. And that occurs in private industry as well.

And that group think and to big to fail, when you combine them, you end up with colossal failures not small ones.

Elizabeth Mertinko: I think that's an excellent point that you make too. I love the way that you said that some of the best decisions you've ever made have been no-bid decisions. And I think the downside to that is that, you know, states don't know why people who don't bid, don't bid necessarily.

And so if they put an RFP out and they get no responses or very few responses, you know, maybe that's a good time to sort of look at what they've written. And figure out if there's not something in there that just made it impossible for vendors to do the work in the time allotted, or for the cost available, or what it was they were asking for.

Like you said, you know, they're asking for staff that just don't exist. So I think that's actually a really good point.

David Jennings: And you can have a survey, vendors will certainly respond to you if you say, hey, we're going to call vendors that we thought were going to bid. And we'd like to talk to you about why you didn't. And so we can improve our communication in the future. You'll get great ideas. I've been involved with a couple of those and it was very helpful.

Elizabeth Mertinko: It's never the case that you're making enough money and you don't need to make anymore.

David Jennings: That's never the case. Yes, Joyce.

Joyce Rose: Yes, this was a good point I think, a good segue that states really should work closely with their analysts because their analysts have a lot of experience looking at RFPs. And they can zero in on segments of an RFP that may discourage responses.

So I just want to plug the fact that the state ACF analyst relationship is really important when developing an RFP and working towards getting good and a significant number of responses.

Elizabeth Mertinko: Excellent. Millicent do we have any other questions on the line?

Coordinator: Yes we do have one that has just arrived.

Elizabeth Mertinko: Okay.

Coordinator: I'll bring that up so that they can voice their question.

Elizabeth Mertinko: Okay.

Coordinator: Guest, your line is open.

Patricia Mellen: Dave this is Patricia. My question is how helpful is it for you when you bid and lose to, you know, have a debrief with the state or, you know, the offeror of the RFP to find out, you know, how you could have done a better job? Is this something that, you know, states should be ready for.

David Jennings: Well absolutely. I do it on every one, I request it. I learn from others. Everybody kind of looks at their shoes and their uncomfortable and there's no reason to be uncomfortable.

This is not like the Olympics where, you know, three people get a medal. There's only one winner. And sometimes it's really, really close. And at the debrief, you know, you don't need to be brutally honest but where we messed up.

Did we contradict ourselves? Did we not hear you correctly? This is very helpful. And management really wants to hear that. I write up the report. I send it up. We get together.

So please, you know, welcome those debriefings. And I think you'll find it's a learning experience. It will not be a complaint session, I'll tell you that.

Elizabeth Mertinko: Okay perfect. Millicent any other questions before we turn it back over to Joyce?

Coordinator: No there are no further questions in the queue.

Elizabeth Mertinko: Okay Joyce, I turn it back over to you.

Joyce Rose: Okay let's go to the last slide. So today we have shared with you vendor's perspective regarding the value and content within each section of an RFP, certainly the importance of aligning RFP requirements with the procurement type and then some insights on how to improve your future RFPs in order to get more and better responses from the vendor community.

We certainly hope all of you who have attended this webinar has found the information to be both informative and valuable as you move forward with your child welfare information system initiatives.

Again, our thanks to our vendor presenter, Mr. Dave Jennings; thanks Dave.

David Jennings: Okay it was fun; thanks.

Joyce Rose: Great. If any of the attendees have any questions or would like more information, please do not hesitate to contact me at the email listed on the slides, joyce@kassets.com.

Again, this webinar has been recorded and will be made available online. When it is complete and posted we will send a message via the SACWIS manager's listserv with the link.

Thank you for attending and please watch for information for the next Children's Bureau sponsored web event. Again thank you and goodbye.

Coordinator: This now concludes today's conference. All lines may disconnect at this time.

END