



**Panel Participants:**

Lynette Stern, MAXIMUS  
[LynetteStern@maximus.com](mailto:LynetteStern@maximus.com)

Mike Tally, Vector Solutions  
[mike@vectorsolutions.net](mailto:mike@vectorsolutions.net)

Ron Dischert, Deloitte Consulting  
[DISCHR.Rpair02.DCEN01@odjfs.state.oh.us](mailto:DISCHR.Rpair02.DCEN01@odjfs.state.oh.us)

Tim Peterson, Integrity Solutions Group (Moderator)  
[tjpeterson2003@yahoo.com](mailto:tjpeterson2003@yahoo.com)

**Panel Discussion Talking Points**

Developing the RFP

Discussion Points:

- Clearly define the project scope including the specific system requirements to be included in the project.
- Be specific and clear as much as possible. When details of the RFP are unclear or undefined the vendor perceives this as risk and it will increase the project cost.
- Include the desired contract language and allow the vendor to submit alternate language.
- If the state has a preferred technical architecture please clearly state the preference otherwise identify features of the winning architecture that are desired.
- Restricting RFP to a specific architecture will limit the number of vendor responses and it will reduce the vendor's creativity and flexibility.
- If the requirements are not clearly defined when the RFP is released, the state may want to separate the award into two components (a requirements and system design phase and a development and implementation phase).
- If the state is not certain about their requirements or what is available, the panel would recommend that the state issue an RFI to review available solutions and have an opportunity, under controlled circumstances, to evaluate vendor solutions.
- To the extent that they are consistent with your state procurement laws, leverage the RFP's and processes used in other states to conduct a successful procurement.
- Set aside time in your RFP development schedule to visit with other states or other agencies within your state about their experiences with the RFP process. Ask them to share lessons learned, what they would never do again and what worked well.
- Carefully consider your proposed schedule. Make sure it is realistic. If you want to receive well developed responses, vendors will need time to respond. If it takes a state 3 months to develop the RFP it will take the vendors anywhere from 4 to 8 weeks to develop a response. Take a look at what dates are contained within your schedule. If all of the state staff is going to be out due to holidays – it is most likely that vendors will have staff out for the same reason. The timeline for response will be one of the factors vendors consider when making their bid/no bid decision. If you truly want well developed responses from all qualified vendors, the timeline needs to be considered.
- Be sure to include sufficient time for questions and answers. Be aware that it may take two rounds of questions and answers for the vendors to have the required information to develop an accurate response.
- The clearer the requirements the better the responses will be. Ambiguity leads to high risk which in turn leads to higher costs.

- Consider including a scope definition phase at the start of the project. This phase could be set up as a time and materials phase. During this period the vendor and state would work to ensure the project scope is clearly defined and understood. This will result in lower overall costs to the state.
- Identify areas of risk. Develop mitigation strategies prior to issuing the RFP. Ask the vendors to identify additional areas of risk during questions and answers as well as in their proposal. Risks will result in higher costs. Ask for recommended risk mitigation strategies during the proposal and evaluation process.
- Get back to the basics first. To have a project you must have scope, budget and schedule. When you prepare the RFP you must consider all three and set your parameters for what you will accept for each of the three, you must allow the vendor to respond with variations in at least one of these three project legs.
- Generally, scope and schedule are set and you want a price from the vendors. For a vendor to give you a meaningful price, they need to know function points, a technical architecture and a methodology. If you do not provide this information, the vendor must determine these on their own and document their choices.
- In the case of government procurements, the budget for the project is usually public information. Consider including this with the RFP. This can aid the vendor in their response, particularly if you are locked into this or less. If the project has funds over multiple years, list the specific amounts. This will get you a better response. If you don't include the information and it is public information, some vendors will have this information while others do not.
- Procurement regulation permitting, consider establishing a set-aside (contingency) of 15% but not less than 10% to be utilized by project management, with change control review board approval and within a dollar limit of approximately \$100,000 per item, to address scope changes without the need to modify contract terms.
- Include a list of suggested deliverables and a definition for each deliverable as part of the RFP. As either RFP process or as a first deliverable, clearly define acceptance criteria for each deliverable include table of contents and deliverable purpose.
- Place emphasis on the vendor's project manager. As the agency's project champion and project management are integral to project success, so is the vendor's project manager.

Total cost of ownership

Discussion Points:

- When evaluating proposed solutions and their technical architecture keep in mind the long term cost for ongoing support, maintenance, enhancements, and upgrades. These costs are often overlooked during a procurement and they can have a significant impact on your future operating cost.
- If you involve your technical staff early and they have meaningful roles they will have ownership of the system and the knowledge necessary to assume some or all of the ongoing support, maintenance, and enhancement responsibilities after implementation. Failure to involve them in meaningful roles will result in ongoing vendor support and maintenance costs.
- Also consider the obsolescence cycle of the technology. Given your architectural choices, how long do you think it will be before a major replacement or upgrade project will be required.
- Carefully consider the impact of new technology. If this will be an addition to legacy infrastructure, you should consider the full cost of support and continual upgrade to this new technology.
- Assess your technical staff. What are their current skill sets, what will be required to bring them to the level required to be contributing members of the project team. Start planning for training required early on. Ask the vendors to provide a list of recommended prerequisite training courses. Ask the vendors to provide information about their training programs and what will be available to you as part of the project cost.

## Risk management

Discussion Points:

- Effectively addressing other vendor perspective items, such as incremental delivery and project champion guidance, will help mitigate project risk.
- Begin risk assessment and mitigation early (preferably even prior to issuing an RFI or RFP). Developing a risk management plan is often an early deliverable (during project initiation) that is completed and not reviewed again until the problem arises. Once this plan is developed it should be reviewed and updated on a monthly basis and reviewed at the monthly steering committee meetings.
- Revisit each risk to assess any changes to the risk item and associated mitigation strategy along with identifying new risks.
- Periodic risk reviews informs key project stakeholders of the risks and forces everyone to continually take actions to mitigate the perceived and/or actual project risks. Elevate risk identification and mitigation strategy as appropriate utilizing the project communication plan and issue escalation procedures as a guide.
- The customer needs to plan for the contingency funding that is indicated by the risk management plan. The customer should decide if they will hold the contingency and allow for a change order process or if the vendor will hold the contingency, if no contingency is planned, the project will likely be a continual struggle between vendor and customer.
- Most vendors have a set of standard/generic project risks that can be used as a starting point in risk management. These lists have been developed and maintained by the vendors based upon many years of project experiences. Vendor management take risk management very seriously – on fixed price project any schedule, scope and cost impacts may have a direct negative impact to the vendor's profitability.
- Consider including a risk management section in your RFP allowing vendors to respond to what they believe are risks associated with your automation initiative. This will give you the opportunity to validate risks and mitigation strategy you have identified, identify new risks and provide a vehicle to assess vendors based upon their ability to identify and manage risk along with their understanding of unique risks associated with your specific automation initiative.
- Vendors assess risk as early as the procurement process but, at a minimum, during the RFP process. The more the risk the vendor feels exists the more likely the vendor's bid price will increase.
- An example of risk may include introduction of technology new to the agency and possibly new to the vendor. Ways to mitigate this risk include introduction of resources familiar with the technology, technology training for project staff (agency staff and possibly vendor staff, increase in project schedule to allow for learning curve and increased staffing offsetting less effective inexperienced staff.

Project Championship and guidance

Discussion Points:

- Every successful project has a project champion that articulates the project vision and is the individual that is continually selling the merits of the project to the stakeholders within the organization and external stakeholders such as the legislature, labor organizations, claimants, and employers. It is important that this person stays with the project throughout the project. Most large UI modernization projects will experience an agency leadership change which reinforces the importance of the agencies project champion. This individual is typically the project director and/or the project manager.
- Both the state and the vendor need to have a project champion. For the vendor this is typically the project director and the project manager.
- The state should recognize that their project champion may not be an experienced systems integrator with many years of project management experience. For this reason, the state should support the project champion and retain an experienced certified project manager to help manage the state's responsibilities during the project.

## Deliverables and the Approval Processes

Discussion Points:

- During the RFP the state should request deliverable samples so they can review the type of work products that the vendor produces and they can evaluate the content.
- At the beginning of each phase the vendor should present the state with a sample deliverable for that phase with the table of contents and a sample section with sample content so that the state knows what to expect when they receive the deliverable.
- We have found that it is very beneficial to have a scheduled final draft deliverable joint review session when the deliverable is ready to be turned over to the state. This page-by-page walk through insure that there are no surprises and reinforces the partnership. (This session will typically last 1-2 days. It could last up to one week for major deliverables.)
- Clearly define how many deliverable review iterations there will be for review and comments. The vendor panel recommends the following:
  - Submit the sample deliverable table of contents and sample sections for review and approval.
  - Conduct Final Draft Deliverable Joint Review Session (typically 1-2 days)
  - Vendor makes deliverable modifications based on feedback from the Final Draft Deliverable Joint Review Session. (typically 1-2 days)
  - State conducts a complete review of the deliverable and responds with comments.
  - Using track changes, the vendor will integrate the state comments. Also, during this period, the vendor may need to meet with state representatives to resolve open issues between the deliverable and comments that concern the vendor or that they do not understand. This should be minimized as a result of the Final Draft Deliverable Joint Review Session
  - Submit the Final Deliverable with a clean version and a track changes version. Include a document that identifies all of the changes, if they were accepted and made, and where the changes can be viewed. This will aid the state in their final review to confirm the desired changes were made.
  - Sign-off on the Final Deliverable.
- Allow the flexibility in your contract language and your deliverable review process to partially accept a deliverable that meets a certain threshold of completeness such as 90%. If both parties choose this alternate approach, the schedule for completion should be clearly identified and a portion of the deliverable payment should be withheld until the deliverable receives final acceptance and approval.

- The customer must accept limitations on their review time and on the iterations of reviews. The deliverables cannot be allowed to cycle through infinite reviews and changes.
- Most vendors and customers want to be reasonable about the level of refinement and changes at each stage of a project. The customer needs assurance the job will be completed to their satisfaction. The vendor is concerned about payment and cash flow. If you cannot give full payment until you are 100% satisfied, then consider a hold back so that you can pay your vendor but still have 10% or so held back until the deliverable is in the complete with all changes and updates.
- Build in deliverable draft cycles when possible. These are informal reviews where the vendor provides the client with draft work products for their review. This will allow the state to clearly understand the content of the deliverable prior to the start of the formal review cycle. Issues regarding the detail expected will be identified early on in the process. It will also shorten the time required for final review.

## State Participation

Discussion Points:

- Participation from a broad group of agency staff is critical to the success of the project.
- Involve as many of the technical resources as you can afford in the project. Outsource legacy maintenance and support if necessary. Their involvement can reduce long-term operations and maintenance costs.
- Involve staff early and give them meaningful roles that result in significant contributions. This will develop ownership and support that will permeate throughout the organization.
- Keep the entire organization updated on project activities through periodic meetings and a monthly project newsletter.
- The choice of customer project manager is critical. Choose someone who understands that they must keep communication going between all parties. They must be willing and able to document issues and escalate them as necessary. Empower the customer project manager to make the day to day decisions for the project.
- Create a project board that represents all stakeholders in the project at an executive level. If the project is critical and important to the organization, the board should meet every two weeks until the important decisions are made.
- Customer participation in the analysis, design and testing stages is frequently under estimated. Make an effort to assign sufficient staff. Assign as many of these people full time as possible.
- Carefully select staff assigned to the project. They represent your organization. It is critical to have the right people participating on the team. Individuals that can make decisions and truly understand your business needs and requirements.
- Include the number and type of resource to be assigned to the project in the RFP. Also include the percent of time they will be assigned to the project. Include a description of their role and responsibility on the project along with a description of their current skill sets. This will allow the vendors to accurately plan for their participation.
- Make sure your expectations regarding their participation are realistic. They will not be able to fully participate in the project and keep up there current day to day tasks. Contingency plans and priorities need to be established at the start of the project.

## Incremental delivery versus bulk delivery

Discussion Points:

- Incremental delivery is preferred where possible to demonstrate to the key stakeholders that the project can and will produce results. This builds confidence and support.
- Incremental delivery complicates the data conversion but it will result in a more flexible data conversion program.
- Incremental delivery requires the development of throw-away bridges between the new system and the legacy environment.
- The project length of a bulk delivery results in risks such as work load changes, legislative changes, and staff availability that are difficult to manage.
- In general, the bigger your change management problem with a project, the more risk you must plan for and the more likely you are to need an incremental delivery. Attempting to move too much change through an organization too rapidly can lead to very negative consequences for all. The cost of the extra programming is more than paid through the increase in efficiency for the solution iterations. Trying to eat all of the elephant at one sitting frequently leads to indigestion.
- Bulk delivery projects tend to have more risk – incremental delivery project. One way to mitigate bulk delivery risk, to the extent possible, is to demonstrate the application to agency executive management and stakeholders (for example, employer and third party administrator groups). Also, periodically present project status to stakeholder committee groups.
- When possible even with a large scoped project provide incremental delivery points. For example, internet self service initial claims utilizing legacy application or employer (third party administrator) internet charge statement inquiry.
- Incremental delivery is an effective way to gain additional key stakeholder support for future automation initiatives.
- Incremental delivery allows for an opportunity to minimize business and technology impact on day-to-day operations and knowledge transfer/training.
- Incremental delivery allows for quick wins and early successes to be realized and celebrated.
- Incremental delivery allows for issues or problems with the technical infrastructure to be identified early on.

## The Contract

Discussion Points:

- It is in both parties interest to have a fair & equitable contract. Potential onerous contract terms may set the tone for a project that does promote partnering and teaming but encourages an “every person for them selves” approach to the project – no one wins in the end.
- The more contract stipulations the vendor must bare the higher their risk and the higher their bid price will be. For example, use of a performance bond will cause the vendor to add the performance bond to their bid. Consider a percentage payment holdback (5-10%) on deliverables payable at project completion. If vendor selection includes the proper reference checks and a reputable vendor is hired performance bonds vs. holdback losses its advantage. Liquidated damages clauses will have an impact on risk assigned by the vendor, thus a result in the cost. Unlimited liquidated damage clauses may result in decisions not to bid. States need to include reasonable liquidated damages clauses. They need to be open to discussions and negotiations with vendors in these areas.
- Provide a clearly defined scope – vague scope definition adds higher risk of scope creep and potential for a significant impact on schedule, cost or delivery of a system that doesn’t meet the business’s needs.
- Procurement regulations permitting, consider a 15-20% contingency set aside that, based upon a dollar limit and change control review board approval, the contract administrator and project management may approve as apposed to having to modify the contract through a formal contract amendment process.
- Establish an early deliverable, developed in conjunction with the detailed work plan that defines each project deliverable purpose, table of contents and an acceptance criteria check list. This deliverable along with the approved detail work plan should become part of the vendor’s contractual agreement.
- Define a change control process at the start of the project. Include this process in your contract. This will provide all parties with a clear understanding of the rules governing changes.

Solution Decision

Discussion Points:

- Avoid developing a preference for a specific solution, framework, or software product. Instead, focus on desired functionality and capability.
- If you as customer plan to maintain the software and infrastructure, you will need to define the development tools and the platforms, but you do not need to define a specific architecture.
- The winning vendor should be the one that is best able to provide a solution that meets your business requirements and desired system capabilities.
- Where possible, let the vendors propose their technical architecture. Limiting the desired technical architecture may significantly limit the available solutions that vendors will propose.
- It is critical that the state business staff and technical staff work together to define the desired business requirements and system capabilities. When these two groups are at odds, the vendor perceives this as risk and the overall project cost will increase. Also, it is almost impossible to please both parties if they are at odds.
- The project champion needs provide leadership and guidance to insure that these two groups work well together.
- If the state has a preference for framework or software product, clearly state the preference in the RFP. Allow vendors to propose alternatives and provide valid reasons by they believe the state will benefit from the alternate proposal.