Report on Contracts

Department: <u>Transformation and Shared Services</u>

Secretary: <u>Amy Fecher</u>

The purpose of this report is to prompt an analysis of contracts and contract expenditures within each Department and assist in the formulation of a report to the Governor on how to achieve greater efficiency (cost savings) and effectiveness as it relates to this topic. An analysis of *contract management* should consider all relevant factors including the number of vendors, staffing, contract management process, approach to negotiation, and other barriers/challenges associated with the contracting. This analysis should take a holistic approach to developing plans to deliver efficiency and effectiveness improvements**. The report template includes sections for three projects for your convenience. This number is not a goal or target. You may add or delete boxes for as many projects as you submit.**

ACTION PLAN FOR PROJECT 1:

---

1. *Project Title*

   Consolidate Duplicative Contracts by TSS Divisions into a Single Contract Managed by TSS Operations

   1.1. *Brief description of project, goal, and action plan.*

   Consolidate duplicative contracts currently used across TSS divisions into a single contract managed by TSS Operations. Contracts including but not limited to document destruction, mobile devices, paper, and copiers.

   Benefits:
   - Increased purchasing power and the ability to negotiate lower pricing through economies of scale.
   - Empowers staff to focus on other duties due to reduced time spent managing duplicative contracts.

   1.2. *Identify any additional resources required for the implementation and success of this plan.*

   - No additional resources needed.

   1.3. *Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?*

   - No anticipated additional cost.

   1.4. *How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.*

   - Cost avoidance through streamlining.
   - Negotiating lower cost.
   - Delivering services successfully at no additional cost.

   1.5. *What is the implementation timeline and key action steps for this plan? How will you track progress?*

   Progress will be tracked through the development of a project plan.

   - Fall 2019 – Winter 2020: TSS Operations and TSS OSP review current contracts and develop procurement plan for each identified product or service.
   - Spring 2020: Develop and implement communications and change management plan. Execute procurement documents for each identified product or service.
   - Summer 2020: TSS Operations implement consolidated contracts.

1.6. *Identify any obstacles to the implementation and success of this plan.*

- Buy-in from divisions within TSS.

ACTION PLAN FOR PROJECT 2:

2. *Project Title:*

The Department of Transformation and Shared Services will Develop A Comprehensive State-Wide Training Curriculum using the combined resources of the training pieces of the Office of State Procurement and the Office of Personnel Management, Training Office as Per Act 419 of 2019

*2.1. **Brief description of project, goal, and action plan.***

Establish a comprehensive state training and certification program for procurement personnel. As TSS moves to a holistic procurement model, focusing efforts on 80% of procurement spend, the need to educate and delegate procurement activities to departments is essential. Currently, statewide procurement education focuses on three basic procurement courses and one vendor course. The current courses are insufficient to train and delegate a higher level of procurement authority to using departments. This project plan will address the development of the first-tier program.

*2.2. **Identify any additional resources required for the implementation and success of this plan.***

- TSS OSP and TSS OPM will work together to develop and implement training modules.

*2.3. **Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?***

- Staff time.

*2.4. **How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.***

- Participant passing rate of at least 70% for each course completed.
- Favorable survey results from participants.

*2.5. **What is the implementation timeline and key action steps for this plan? How will you track progress?***

- Fall 2019 – Summer 2020: Develop Tier One training courses.
- Spring 2020: Develop a Communications Plan.
- Summer 2020: Pilot tier one courses with TSS Training. Update tier one courses based on feedback.
- Fall 2020: Deploy tier one courses. Provide surveys to participants for feedback and opportunities of improvement.
- Winter 2020: Discuss tier two and three course plans with TSS Training.

*2.6. **Identify any obstacles to the implementation and success of this plan.***

- Buy-in from other Departments.

ACTION PLAN FOR PROJECT 3:

3. *Project Title:*

Analyze Enterprise Agreements (EA) Across State Government Where Applicable and Explore the Feasibility of Consolidating Duplicative Software, Licenses, and/or Subscriptions to Enhance the Delivery of Services, Increase Data Security, and Create Cost Savings through Economies of Scale

3.1. Brief description of project, goal, and action plan.

Based on the information submitted in the state's systems of record, AASIS, from October of 2016 through September of 2019, there were $95,755,720 in vendor payments related to software, which represented 2.25% of spend for purchases and accounted for 686,131 payments; however, this number does not account for all spend. Thus, to accurately track spend and duplicative technologies across the state, each department would need to provide software titles, versions, customizations, licensing, support contacts and any additional relevant information along with cost to the CIO working group consisting of the 15 CIOs from each cabinet level department. This information could be provided in an existing tool such as the Arkansas Information Management System (AIMS), which was created for the Statewide Data Center Optimization Effort (DCO) and included as part of the annual legislative reporting requirements for agency IT Plans and submission under Ark. Code Ann. § 25-4-105 by the TSS Division of Information Systems (DIS).

Enterprise Agreements have already been in use throughout the state. Just this year, TSS DIS entered into an agreement with Cisco for Voice over Internet Protocol (VoIP) phone stations. Prior to implementing the Cisco EA, agencies were paying around $17 per station, and now with volume discounting, agencies are paying around $9 per station. An example of improved service delivery and future savings can also be found with the broadband upgrade for state agencies. Some agencies will receive 10 times the bandwidth for the same price they were previously paying. In fact, the cumulative of non-school user site bandwidths will increase from 7.6G to 32G (421%). Additionally, agencies will be saving an estimated $4.8M annually going forward.

Action Plan:
- Bring together the 15 departments' CIOs to determine the feasibility of consolidating duplicative technology based contracts for software, licenses, and web-based subscriptions into enterprise agreements currently being sought across cabinet level departments into enterprise agreements (EA) to be managed where most practicable.
  - EAs, including but not limited to, computer monitoring software, document imaging software, electronic signature licensing, single sign-on licensing, and web based subscriptions.
- Through the use of enterprise agreements for statewide solutions, departments may opt-in voluntarily where feasible for their current and future IT needs, thus reducing overall IT spend and being fully integrated across other departments, thus creating a more streamlined service delivery model for users.
- For departments who choose not to opt-in for a shared solution and seek to implement a single agreement, information should be provided to the CIO working group on which requirements of the CIOs approved enterprise solution for an EA did not meet their business and/or citizen needs and why.

Benefits:
- Simplify purchasing with predictable payments through a single agreement.
- Fewer systems need to be supported, which allows for current staff to work on other departmental tasks.
- Processing requirements are reduced because the consolidated systems are likely to run on fewer servers, saving hardware, operating systems, and fees.
- The quality and security of information for shared systems improves as data is no longer scattered across multiple databases and applications.
- Merging contracts can reduce total number of contracts, which, in effect, cuts costs and improves buying power based on volume.
- Improved collaboration across departments based on the combined effort of CIO working group making business decisions, broken down siloes, which was all made possible due to Act 910 of 2019.
- Sets the stage for data analytics across al 15 departments.

3.2. Identify any additional resources required for the implementation and success of this plan.

- No additional resources required at this time. The recently identified CIO working group will be utilized for this effort to ensure collaboration and consensus decision making for the state.

3.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?

- No additional costs expected.

3.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.

- Cost avoidance through streamlining.
- Negotiating lower cost.
- Delivering services successfully at no additional cost.

3.5. What is the implementation timeline and key action steps for this plan? How will you track progress?

- Winter 2019 – Spring 2020: CIO working group to meet to determine the feasibility of consolidating duplicative technology based contracts for software, licenses, and web-based subscriptions into EAs.
- Spring – Summer 2020: CIO working group to gather information from departments on existing software and spend in an existing tool.
- Fall 2020: TSS DIS to enter technology information and spend by department into existing systems and utilize information from agency IT Plans.
- Winter 2020: CIO working group meetings to determine next steps where feasible.

3.6. Identify any obstacles to the implementation and success of this plan.

- Buy-in from contract holders.

Additional thoughts/comments:

Additionally, savings and improved service delivery can be found through service level agreements and other duplicative contracts not related to technology across state government. As key department stakeholders come together through transformation, these efficiencies and service improvements may be identified and ultimately provided to the Secretaries for further analysis.