METHOD ADAPTATIONS FOR THE PUBLIC SECTOR

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A COMPANION ARTICLE FOR OFF-THE-SHELF IT SOLUTIONS: A PRACTITIONER'S GUIDE TO SELECTION AND PROCUREMENT
www.bcs.org/books/offtheshelf

**When asked what he thought about as he awaited rocket lift-off.
'The fact that every part of this ship was built by the low bidder.'**

Alan Shepard (1923–1998)

1.1 WHAT YOU CAN LEARN FROM THIS ARTICLE

- Many of the techniques in the main selection approach can be exploited when public sector bodies evaluate, select and procure off-the-shelf solutions – sometimes referred to within public sector organisations as commercial off-the-shelf (COTS) software.

- This article introduces how and where to adapt the selection approach to reflect the specifics of public sector procurement regulations, processes or registrations.

1.2 OVERVIEW

The selection method (Tate, 2015) has many processes that can be applied equally well to software product selections in the public sector. These include clarifying the scope, establishing the phasing, researching best practice and capturing, documenting or weighting requirements. This article assumes you are already familiar with the public sector procurement regulations that affect your organisation and that you have the book available. It gives you a head start in adapting certain aspects of the techniques.

The points of adaptation are covered in the order of the major stages of the method. See Figure 1 for the roadmap of the method, and note that the ovals show the corresponding chapter numbers in the main book. Within references to *Section* numbers in the main book, note that the first segment is the chapter number.

One major advantage of adopting the approach is that it is transparent and auditable, so you can prove you have been even-handed in your treatment of candidates. Another is that, by avoiding extremely high bid costs, you can attract more candidates, which puts you in control of the qualification process.

This article reflects the major standards for public sector procurement in both the EU and the USA. The prevailing standard in Europe is the Official Journal of the European Union (**OJEU**). In the USA, there are three major standards: General Services Administration (**GSA**), the federal body that approves prime contractor status for suppliers into US federal, state, city, agency and local government; the Office of General Services (**OGS**) for state-level supplier registration and Mission Oriented Business Integrated Services (**MOBIS**) for approved consulting services for federal agencies.

- Some are more of a vendor accreditation and registration process, such as MOBIS.

- Some regulations provide processes that the public organisation running the procurement must follow. European procurement regulations require tenders to be published in the OJEU, with different thresholds for different organisational types and for different types of goods, services and works (Millstream Associates, 2015).

See *Further reading* for reference information and example procurement portals.

Figure 1 Overview of approach with mapping to chapters
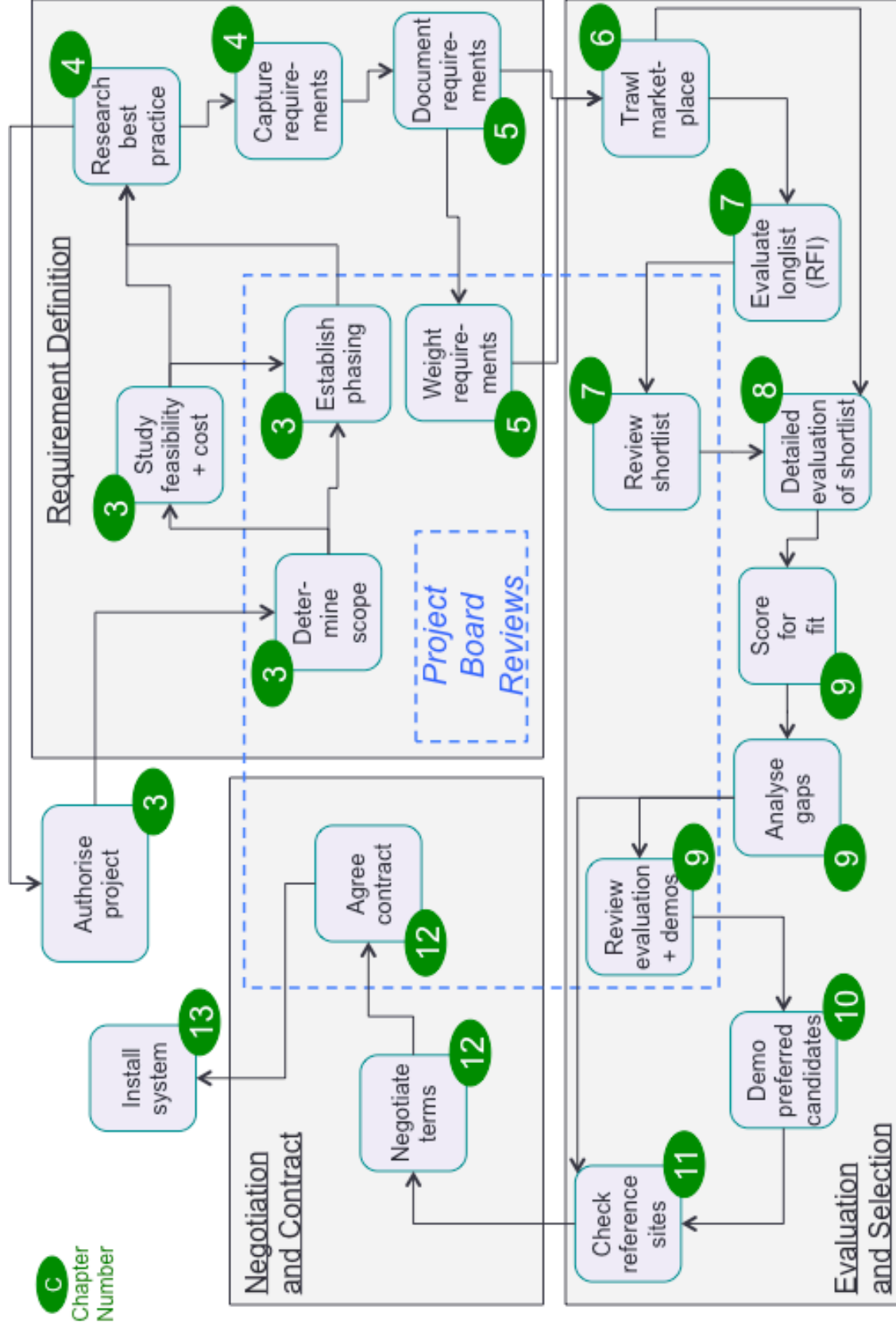
2. INITIATION: SHAPING AND AUTHORISING THE PROJECT (CHAPTER 3)

If your environment has mature and formal processes, you will need to initiate and authorise the project following the guidelines in your standard for project and programme management, probably based on one of the Bodies of Knowledge from the Association for Project Management (APM) or the Project Management Institute (PMI), or a method such as PRINCE2®.

During the feasibility study, it is often prohibited during public sector procurement to contact external suppliers early in the process for cost estimates. Therefore, if your project needs external costing (see book Section 3.5) and you need external expertise to establish a budget cost, you may need to engage specialists in pre-contract benchmarking or 'should costing'.

Once you have estimated the likely procurement value, you must verify the regulations that apply to your procurement, given the types of organisation, goods, services and works. For instance, from January 2014, EU 'Small Lot' regulations apply above 80,000 Euro for supplies and services (Millstream Associates, 2015). Note that a contract below a threshold is termed 'Below OJEU' and less rigorous regulations apply. Furthermore, the relevant 'scheme' (such as the EU 'Restricted, Fully Electronic') will shape many of your dealings with candidate suppliers, including possibly the portal that you use to publish your tender documentation.

- For more on the integration between the selection method and formal project and IT methods, see our separate article (Tate and Woodward, 2015).

3. REQUIREMENTS ANALYSIS AND DOCUMENT (CHAPTERS 4 AND 5)

Depending on your sector and project management approach, the detailed statement of requirement is often termed the **Requirements Document**, the **Requirements Definition Document (RDD)**, the **Statement of Requirements (SoR)**, the **Statement of User Requirements (SoUR)** or the **Service Requirements**. Your requirements capture will need to reflect the standard terminology for your organisation. For instance, in many UK Government projects:

- the **Service Definition** is a high level business statement;

- the **Service Requirements** is the more detailed statement of requirements, as above;

- the **Service Summary** is analogous to the high-level architecture statement.

With a public sector procurement, requirements definition is perhaps more likely to be carried out by incumbent staff rather than external consultants. Your project scheduling may need to allow additional time to ensure you have marshalled resources via resource allocations or secondments. There may be additional training necessary before you start the requirements capture programme. Large public sector procurements can also be lengthy and you will need to address continuity of staff.

Your procurement environment will often generate specific additional entries onto your requirements list. You may require a candidate supplier to hold (or achieve) security clearance. There may be implementation requirements as part of your standards. As appropriate, you may stipulate that the supplier needs to be GSA, OGS or MOBIS approved – or at least willing to subcontract.

4. TRAWLING THE MARKETPLACE: ESTABLISHING THE LONGLIST (CHAPTER 6)

Your longlist will be heavily impacted by the existence of lists of suppliers that are already accredited under registration schemes such as GSA, OGS or MOBIS in the USA. You might have a small set of incumbent suppliers under framework agreements and limit your choices just to those companies. (Or you might sweep widely, so you can later compare the best fit from pre-approved and un-approved candidates.)

Therefore, your project controlling body or project sponsor will need to decide if all your initial approaches are limited to candidate suppliers who are already accredited. For instance, with US Federal contracts, a supplier can only bid if GSA-registered and moreover accredited at the appropriate **category** of supply. This is shown by the special item number (SIN), such as software supply treated as IT Professional Services work under SIN 132051.

Alternatively, candidates may be required to subcontract to an accredited supplier if successful. Since it can take 18 months to become registered, a supplier who is highly-specialised and attractive, but without registration, would normally need to subcontract in order to meet your project schedule. They might subsequently apply for their own registration.

5. ASSESSING LONGLIST CANDIDATES: SELECTING THE SHORTLIST USING THE RFI (CHAPTER 7)

There is a difference of terminology such that the Request For Information (RFI) is often referred to in public sector procurement as the Pre-Qualifying Questionnaire (PQQ).

Although in commercial projects there are specific circumstances where your adaptation of the method might involve skipping the RFI, this stage is mandatory for high-value OJEU procurements.

Moreover in many of the variants of OJEU procurement, it is forbidden to ask for even indicative pricing at this stage.

During the PQQ stage, it is not only good practice but often mandated that any clarifying questions asked by one candidate are answered and then an anonymous version of the question with the answer are circulated to all candidates.

You may hold a Supplier Conference. This provides all candidate suppliers with a walk-through of what is wanted, usually at the same meeting.

On top of the assessment processes described in the book, you may have to have special processing of responses to avoid any risk of objections. For instance, you might assess or 'mark' the responses in a locked room so that the submissions are considered in a confidential environment. Any questions from suppliers would be submitted in writing. These will be summarised in the response distributed, so that all candidates can see all questions and their corresponding clarifications.

6. DETAILED EVALUATION: ASSESSING THE SHORTLISTED CANDIDATES (CHAPTER 8)

The face-to-face meetings with suppliers might be called Analysis Meetings in a public sector procurement.

You will need to verify that you don't need to broadcast the outcome of your Analysis with each candidate supplier. This would be extremely damaging to your project, because it is going to make it commercially risky for candidates. They are more likely to withdraw and you could be left with an impoverished shortlist.

7. SCORING: ESTABLISHING DEGREE OF FIT AND RANKING (CHAPTER 9)

The typical public sector vocabulary of full, partial and no compliance should map effectively onto the scoring meeting with its numerical scale of 3, 2, 1 and 0.

Playing back each candidate's scores after the evaluation team's scoring meeting is a highly-valuable part of the method. You should verify that it is permitted within your process. If not, consider applying for an exemption to gain access to the considerable protections that this step gives your project.

8. DEMONSTRATIONS: PROVING THE FIT (CHAPTER 10)

Although the book suggests two demonstration candidates, you may recognise a 'preferred supplier status' which is a formal recognition of pole position. Therefore, you may only demonstrate one. This may happen for a niche application that is dominated by a single credible supplier.

You will need to analyse the cost and risk implications of adopting a single prospective supplier now. If you do drop to one, your contracts will probably need an external benchmark on costing.

9. REFERENCE SITES: REAL CUSTOMER FEEDBACK (CHAPTER 11)

Where your procurement process has process guidelines, reference sites may be mandatory.

Because compatible reference sites may be geographically dispersed, there is a strong argument for following the recommendation that conference calls are best, rather than visits. See book Section 11.5.

10. CONTRACTS: NEGOTIATION AND AGREEMENTS (CHAPTER 12)

Your procurement environment may stipulate the number of candidates for negotiation. If not, see book Section 12.4.2 for the arguments in favour of either one or two candidates.

Your negotiation will probably have to recognise a Master Service Agreement. This sets the baseline Terms and Conditions, perhaps in the format of a framework contract. Part of your preparation for the negotiation meetings must then include identifying the specifics to negotiate for your project.

The terms agreed after negotiation may be described as 'best and final' in the public sector document. Your standards may require you to take benchmarks – on large contracts these will probably be run by an external benchmarking specialist. These may include 'cost realism' and 'delivery performance' such as the number of service days allowed for implementation.

Sometimes, the less flexible nature of public sector procurement contracts means a candidate supplier will withdraw late in the process. If a candidate is about to walk away, you can draw on the strength of the method so that you have a clear understanding of the gap between the pole position and runner-up candidate. This will help you decide whether to address the 'deal-breaking' conditions, or whether to continue (or open) negotiations with the runner-up.

11. IMPLEMENTATION: PREPARING THE GROUND (CHAPTER 13)

If your organisation has an incumbent prime contractor for system integration, the software author or reseller will usually need to become a subcontractor to them.

However, on very large public contracts, even subcontractors may still need registrations such as the US GSA.

Where known, these criteria should appear throughout your evaluation – when documenting requirements, when preparing for negotiation and when planning the implementation.

12. ARTICLE SUMMARY

TAKE-AWAY POINTS

- When adopting this method within the public sector, you need to estimate the prospective contract value, because large public procurements normally have stipulations within their standards that are based on award size.

- This method can and has been used by public sector organisations procuring off-the-shelf IT solutions. To do so requires adaptations. You should plan these adaptations at the beginning of your project in order to defend the all-important process credibility.

- Transparency is inherent in the method and a high degree of transparency is often mandated in public sector procurements.

- Your procurement needs to prove value for money. That proof is provided by the approach of requirements-driven scoring, gap analysis, percentage fit and the protections of attaching the key project working papers to contract.

- Using the method will help your organisation avoid any liability claims caused by poor process or an 'unsound' selection.

13. REFERENCES

Millstream Associates. (2015) *EC Procurement Thresholds*. Tenders Direct.
www.ojec.com/threshholds.aspx (02 Mar 2015).

Tate, M. and Woodward, M. (2015) *Integrating the selection approach with other project and IT methods*. BCS, The Chartered Institute for IT.
http://shop.bcs.org/offtheshelfextras.asp (02 Mar 2015).

14. FURTHER READING

Books and articles

Axelos. (2012) *Common Glossary*. Global Best Practice Portfolio, AXELOS. www.axelos.com/glossaries-of-terms.aspx (02 Mar 2015).

Useful websites

American City & County, government procurement magazine:
http://americancityandcouty.com

OJEU Reference:
www.ojeu.eu

Partnership for Public Procurement (founded by CIPS and NIGP):
www.globalpublicprocurement.org

US GSA:
http://gsa.federalschedules.com/gsa-schedule

US MOBIS:
www.gsa.gov/portal/category/21150

Examples of public sector procurement portals:

- Specific to city: www.londontenders.org

- Specific to sector: www.espo.org

- Electronic submissions, mix public and commercial: www.delta-esourcing.com

- EU public sector tender alert: www.tendersdirect.co.uk

- EU Tenders Electronic Daily (TED): http://ted.europa.eu

- US Acquisition Central: http://acquisition.gov

- US Federal: www.fbo.gov

Also note there are regional portals, but too numerous to list individually.

Version: **2.8** | Revised: 13-Mar-2015 | Word count: 2,241
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