



Oregon Managed Service Provider for IT Professional Services (IT MSP)

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2004 Strategic Sourcing

Oregon Governor Ted Kulongoski's spend management initiative "Oregon Smart Buy" was implemented in 2004 in order to foster an environment of collaborative procurement amongst state agencies and leverage the State's buying power.

IT Professional Services were identified as a strong candidate for streamlining, collaboration and cost savings.

A request for proposal was developed for a Managed Service Provider (MSP) to host an internet based system to provide temporary IT Professional Services via a pool of qualified subcontractors.

2005 MSP Implementation

- Oregon executed a statewide price agreement with nextSource, Inc. in May 2005.
- The first Managed Service Provider (MSP) program for Hourly and Project based IT Services in the nation.
- The MSP Program was piloted to 8 state agencies.
- Subcontractor pool created from agency lists.



Program Benefits

- Fast and flexible way to meet and satisfy business needs of State agencies.
- IT professional services at a reduced cost utilizing a rate card with standardized rates.
- Market and bill rates for IT skill sets and classifications monitored using the MSP People-Ticker” and other benchmarking tools to keep rates competitively low.

Innovative Features

- MSP maintains a pool of IT subcontractors.
- Online resource for IT services.
- Competition and noticing requirements satisfied for
 - Qualified Rehabilitation Facilities (QRF) and
 - Minority, Women and Emerging Small Businesses (MWESB)

Innovative Features

MSP Talent Acquisition Management Solution (TAMS)

- Online web enabled software and system for managing and ordering IT services
- Available anytime from any PC
- Authorized Purchasers can monitor many activities from their desk.
- Adaptable approval paths for program management, procurement and finance activities.

Service Improvement

- Agency procurement processes streamlined significantly.
- Shorter timelines from concept to project start up.
- IT Professionals available to agencies within days.
- Easy access to the system for State agencies. Subcontractor pool sufficient to meet most temporary IT needs and services.

Service Improvement cont.

Reporting and Tracking

- Ability to export to MS Excel
- Spend Report – State Agency, Job Title, Subcontractor, Billed Rate
- Rate Trends – People Ticker

Custom Reports

- Quarterly volume sales reports
- Ad Hoc reports for
 - MWESB and QRF participation
 - Public records requests

Cost Savings

- Decreased staff and resource time on procurement activities reduce administrative costs significantly.
- Standardized bill rates
 - Eliminate lengthy negotiations.
 - Leverage the State's buying power and keep costs low.
 - Eliminates disparities in bill rates across agencies for the same service or provider.

Rate Card

- Rates used for Hourly and Project Work Orders.
- Rates used to calculate fixed price.
- Rates cannot be increased by an Authorized Purchaser.
- MSP Commission & Vendor Collected Administrative Fee (VCAF) included in each rate.

Skill Sets

- **10 Skill Set Categories**

- *e.g.*, Programming, Systems Development, Data Management, QA, PM

- **23 Subsets**

- *e.g.*, Programmer Analyst, Systems Administrator, Database Architect
- Each skill set has specific criteria.

- **Tiered Pricing**

- Typically 3 or 4 for each subset.

Rate Card Example

TECHNICAL SPECIALIST	RATES
Technical Writer I	\$33.12
Technical Writer II	\$47.92
Technical Writer III	\$66.11
Testing Technician I	\$40.82
Testing Technician II	\$52.29
Testing Technician III	\$67.68
Technician I	\$39.08
Technician II	\$49.46
Technician III	\$63.90
QUALITY ASSURANCE	
Quality Assurance Analyst I	\$43.48
Quality Assurance Analyst II	\$53.36
Quality Assurance Analyst III	\$70.91
Quality Assurance Analyst IV	\$109.15
PROJECT MANAGEMENT	
Project Manager I	\$68.15
Project Manager II	\$86.56
Project Manager III	\$109.15
Project Coordinator I	\$45.43
Project Coordinator II	\$71.67

Work Order Contracts

“Hourly Based Services”

... (a.k.a., Staff Augmentation)

- Payment on an hourly basis.
- Technical services provided as identified by Authorized Purchaser in opportunity notice on TAMS.
- Expenses and travel not allowed.

Work Order Contracts

“Project Based Services”

- Performance based.
- Defined statement of work, milestones and deliverables required.
- Fixed price per deliverable.
- Services only – hardware/software must be purchased separately.



Hourly Opportunities

- Agency submits Hourly Based requisition to the MSP in TAMS.
- The opportunity is released to the State approved QRF (Qualified Rehabilitation Facility) exclusively for 1 Business Day.
- If the QRF is able to provide the MSP with a qualified candidate, the Authorized Purchaser is required to:
 - Request an interview and then accept or decline, or
 - Decline the candidate with specific reasons

Project Opportunities

- Agency enters project specifications in TAMS.
- MSP reviews project requirements, statement of work and releases it to ALL sub-contractors.
- Project Based opportunities open 5 business days at a minimum.
- MSP pre-screens sub-contractor responses for content, price, requested documents.
- Agency evaluates, interviews, awards in TAMS.
- MSP and Agency formulate the final Work Order Contract for signatures and execution.

Challenges

- Changes in Contract Administrator.
- Daily contract administration activities.
- Scope and Definitions were restrictive.
- Decisions on when to use the MSP and when to go out to bid.
- Poor statements of work and requirements.
- Work orders are contracts

Conquering Challenges

- **Contract Re-Stated (Amendment 6)**
 - **Definitions Modified**
 - **Removed Project Stage requirements**
 - **Clarified work order terms**
 - **Adjustable terms and conditions added**
 - **Term limit added for work orders**
- **Q&A Forums held with End Users and Subcontractors**
- **Enhanced training on use and process documents.**

Overall Activity

- Average processing time for Work Orders
 - Hourly Services: 10.8 Days
 - Projects: 16.6 Days

- MSP continually adding subcontractors

- MWESB Activity
 - WOCs Awarded Total \$\$ (2005-2009)
 - Hourly WOCs: \$7.4 Million (24% of Spend)
 - Project WOCs: \$4.0 Million (16% of Spend)

Subcontractor Activity

■ Subcontractor Participation

- Total subcontractor base grown from 33 in 2005 to 150 in 2009
- MWESB subcontractors has increased from 8 in 2005 to 23 in 2009

■ Subcontractor Awards

- 78 subcontractors were awarded Hourly Work Order from 2005 to 2009
- 91 subcontractors were awarded Project Work Order from 2005 to 2009

Agency Activity

- State Agency participation has grown from 8 pilot Agencies in 2005 to over 45 State Agencies in 2009
- 576 Hourly WOCs totaling \$30.1 Million (2005-2009)
- 339 Project WOCs totaling \$23.7 Million (2005-2009)
- Program extended to Local Governments in September, 2008



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