

GOVERNMENT OF THE DISTRICT OF COLUMBIA'S INNOVATIVE WEB-BASED PROCUREMENT PROCESS

*Achieving cost savings and new efficiencies through the use of
procurement "wiki" pages*

Overview

As one of the most intriguing and influential entity in the world, the Government of the District of Columbia provides services typically delivered elsewhere by states, counties, cities, and special taxing districts to over 600,000 residents and millions of visitors each year. With a \$9.8 billion budget, the District's central procurement office procures goods and services on behalf of over 60 agencies. In a dynamic and thriving urban city, the District's Office of Contracting and Procurement is often faced with requests that challenge traditional procurement methods and theories. When a new administration assumed office in 2007, it did so with a resounding mandate for a complete governmental transformation. Mayor Adrian Fenty, who is renowned for serving constituents through his energy and hand-on management style, appointed David Gragan as the new Chief Procurement Officer and challenged him to transform OCP into a more accountable and transparent agency that is equipped with robust procurement practices and processes.

In January of 2008, the District's Metropolitan Police Department sought OCP's assistance in constructing a state-of-the-art storage evidence warehouse facility that would house millions of items ranging from confiscated cars and boats to massive amounts of cash and drug paraphernalia for up to 70 years. The procurement required out of the box thinking. Recognizing that urgency of the procurement and the potential media and political scrutiny that would ensue, OCP decided that the best value solution to design, build and equip the facility required a procurement process that would:

- cut the time in half that it traditionally took to construct a building of this magnitude;
- decreased the cost to construct the facility and save revenue;
- allow vendors to be innovative in their thinking and not limit the scope of the project;
- establish a benchmark for future procurements; and
- provide transparency from the beginning of the project to the end.

Additionally, OCP was looking for technologies that could address:

- specialized storage requirements for evidentiary bio-hazards and DNA trace items;
- provide automated solutions for inventory control and evidentiary chain of custody management; and
- provide 24/7 monitoring and safeguarding of evidentiary and general property.

The Solution

With assistance from the Office of the Chief Technology Officer, OCP developed a comprehensive strategy, timeline, and communications plan for constructing the

facility. To start, OCP launched an innovative web-based procurement process to build a state-of-the-art facility. The process was geared towards obtaining innovative ideas on how to make procurement work best for residents and employees. The new facility would house and manage documents that would be used for judicial proceedings; therefore, it requires a state-of-the-art infrastructure. The new procurement process challenged designers and builders to think creatively. The goal of the process was to simply state the problem the District was seeking a solution for, and allow experts in the commercial sector to invent that solution for the District.

A special website for the procurement (www.evidencewarehouse.ocp.dc.gov) was established to ensure that responses and ideas were shared publicly. The website, using “wiki” technology, gave contractors easy access to procurement updates, documents, ideas, suggestions, images and videos. Through its “Questions and Answers” section, wiki allowed real-time collaboration between contractors and government officials. Additionally, vendors were able to view recordings of the pre-solicitation conference as well as press conferences regarding the procurement, which featured the Mayor, Chief of Police, and other District leaders. Being an open web forum, all interested parties had the same access to the same information, thereby ensuring a level playing field that is often lacking in the world of procurement.

This web-based process enabled the District to condense the competitive proposals process to 3 to 4 months as opposed to the normal 6 months, allowing the city to complete the building within a projected 18 months. By using technology as a means of providing dynamic communication to the supplier community, OCP has been able to deliver one of the fastest and cost-effective procurements the District has ever seen.

The District issued a pre-solicitation notice in December. Interested parties were asked to submit responses no later than January 18, 2008. Responses included, but were not limited to capability statements; questions; recommendations for the actual solicitation; and a cost for the proposed solution. It was a very fast track process; therefore, OCP asked contractors to put on their creative thinking hats and share with the government their expertise and knowledge for building the District’s new evidence control and storage facility. A formal solicitation was developed based on the feed back provided by vendors. By employing this innovative method of procurement, the District has seen a significant reduction in the cost of staff time; engaged the vendor community in the procurement process; decreased the procurement cycle time; and provided transparency and detailed reporting throughout the entire process.

This strategy has proven to be very successful. Additionally, OCP worked diligently to make the process more transparent and efficient; thereby addressing the needs of its customers—the Metropolitan Police Department and the residents of the District. OCP developed and implemented a communications plan to attract ideas from the vendor community and to keep residents abreast of the each stage of the process. News releases were sent to the media and community organizations. News

conferences were broadcasted on the wiki page and received countless hits. This procurement method also established a benchmark for the city's larger enterprise acquisitions, which will now take place on wikis. Vendors, officials, and the public will now be able to view pre-solicitation videos, request for proposals, answers to frequently asked question, bid openings and award videos via wikis.

Results

Procuring goods and services through the establishment of wikis rather than traditional procurement methods (often paper based) offers the possibility of significant cost savings and operational benefits. And while the total savings of the overall acquisition of the District's new evidence storage facility will be realized upon completion of the building, this exercise provides procurement officials the opportunity to truly be economically conscience.

Bringing the suppliers in as partners and adopting procurement wikis enhanced the procurement process by:

- Allowing vendors to be involved in the procurement process from the beginning to the end;
- Enabling contracting staff to utilize their time more efficiently by eliminating the need for multiple face to face meetings;
- Promoting creativity in the design of the procurement;
- Reducing the workload of both the vendors and government employees;
- Providing transparency in the procurement process by allowing tax payers the opportunity to witness the process;
- Increasing customer satisfaction;
- Improving data gathering and online interaction amongst vendors and procurement staff;
- Reducing the quote cycle-time by 60%;
- Shortening the procurement cycle-time by 12 months;
- Automating communications, transactions and collaboration;
- Enabling redeployment of FTE tasks by 120 hours per week, which would have been required to answer questions, respond to emails and meet face to face with vendors, which was all done via the wiki; and
- Reducing the cost and burden of preparing hard copies of solicitations.

The District has realized the following cost savings:

Reduction from Budgeted Spend –

- Average savings per employee is estimated at \$25,000 for one full-time equivalent (4 months);
- Estimated 20% unit cost reduction, on average for paper, supplies, equipment;
- Reduced overall cost of the facility by nearly 50%; and
- Approximately \$4 million in ongoing savings through the use of wikis compared to similar commercial off the shelf procurement products.

Results from the use of procurement wikis support the case for long term investment in this type of procurement initiative. Continuing this approach has freed up staffing resources and provides the District with more modern tools to manage its overall procurement infrastructure. The cost savings enables the District to more effectively address and meet the expectations of its customers and stakeholders.

Summary

As a result of using wiki, the District improved its relationship with vendors who have expressed a like in the new procurement process because everything is on the record, the playing field for small companies is leveled, and it reduces the potential for corruption. The process has completely transformed the way procurement is run. This is a glaring example of how governments that do not have the luxury of millions of dollars to spend on data systems can improve transparency and efficiency by simply putting procurements online using wikies.

For the District, the use of wiki has not only reduced staff cost and time, but it has also renewed trust in the value of our the procurement process. This innovative and replicable solution has brought great credit to the contracting office of the District government. Additionally, given that we are in a dense multi-jurisdictional environment, we believed it to be essential that our process would be open to the public and local governments to piggyback on it. Currently, several jurisdictions have inquired about our process and have express interest in using it for their procurements. If done successfully, using wiki to automate and streamline interactions with vendors will assist procurement professionals achieve measurable benefits and significantly improve its responsiveness to their clients in an ever changing procurement culture. This process has truly proven to be an example of PROCUREMENT EXCELLENCE.