



State of Pennsylvania

Department of *General Services*
Bureau of Procurement

2018 George Cronin Awards for Procurement Excellence

Best Value Initiative

Executive Summary

Pennsylvania (PA) set out to reduce a major element of the procurement cycle time by 30% by streamlining its Request for Proposal (RFP) process. Through this procurement initiative, which became known as the [Pennsylvania Best Value Initiative](#), the Commonwealth of Pennsylvania, Department of General Services, Bureau of Procurement (DGS BOP) accomplished its goal and so much more! By moving away from the Invitation for Bid (IFB) procurement method, it permitted PA to encourage partnering with our Small and Small Diverse Business (SB/SDB) partners, added the adoption of new tools and best practices, and implemented an electronic procurement solution. The new process resulted in a 33% overall reduction in the procurement cycle time.

In the face of a stagnate budget and reduced staff, key stakeholders had to be identified early in the process; the outcome would affect all of us. They were excited and eager to take on the challenge and tackle the entire procurement process. We were off to a great start, right? Right, but we needed more; we needed to find and apply tools to modernize and streamline the existing procurement processes. Thus, a star was born; Pennsylvania Best Value Initiative, which resulted in the implementation of an electronic procurement solution, a streamlined RFP procurement process, and a method to increase SB/SDB participation all the while encapsulating quality, on time delivery, savings and return on investment.

As the changes were adopted, Pennsylvania focused on making sure the process was general and flexible enough to be **transferred** to the twenty-six state agencies under the Governor's jurisdiction, local municipalities, universities, and other states. This was accomplished by creating a toolbox full of resources: guides, videos, procedures, and training.

The combination of the JAGGAER solution (available through the NASPO Value Point) and the streamlined RFP process which includes supplier forums, amped up supplier outreach, streamlined forms, reduction of meetings, more efficient question and answer process, adjective scoring, electronic reviews and submissions, real time data, configurable workflows, and a transferable tool kit of procurement resources.

Time is money, we've all heard it and experienced this adage. By turning the solicitation process on its' head, we saved time, lots of time, weeks; even months and we also cut costs. When a new contract is awarded early or on time, the savings of the new contract are realized sooner.

We are a success story; however, our story is not over. We believe in our mission and we take great pride in continuing our efforts for the betterment of the Commonwealth of Pennsylvania. To better uphold our mission, we take great strides in affording transparency, training, and open communication to our Agencies, Supply base and the citizens of Pennsylvania.

Innovation

Pennsylvania's Best Value Initiative set out to reduce the procurement cycle time and resulted in a reimagined, redesigned, and streamlined procurement process. Additionally, the Governor of Pennsylvania communicated his intent to increase the participation of SB/SDBs in the states contracts. There were a lot of tough decisions to make and a lot of hard work ahead. As our team strategized on how to best meet the Governor's challenge, numerous opportunities were identified that might improve the entire process resulting in reduced costs, improved supplier relations, improved quality, and increased supplier participation.

Pennsylvania's Best Value Initiative: Each step of the solicitation and contracting process was scrutinized. The self-analysis led to the following changes:

Fewer Forms: The updating, streamlining, and reduction in the number of forms utilized in the procurement process. From procurement initiation to contract award, the forms required have been simplified, streamlined, and reduced. Continuous improvement teams carry on this work, continuing to perform analysis, work with users and have a process for more efficient templates. Less forms!

Meeting Reduction: The Contracting Officer now works with sub-committees and subject matter expert(s) as needed to develop the RFP. Less meetings = More Time.

Proposals: Have you ever issued a procurement only to be disappointed by the quantity or quality of the responses? To tackle this issue, we instituted the use of the Supplier Forum, (Exhibit A). By leveraging the existing Request for Information (RFI), suppliers are given a brief overview of the upcoming procurement and are invited to meet and discuss industry best practices and standards, trends risks, and cost structures. The knowledge gained through this effort was applied to the development of a more accurate and qualitative scope of work. Ultimately, we will have a solid scope that reduces risks in the form of addendums, extensions, and protests. As a bonus, we capture the attention and interest of potential suppliers.

Scoring Methodology: A new scoring methodology with overall adjective scoring (Exhibit B) replacing numerical scoring was adopted. The adjective scoring is more user friendly and more easily defensible (when necessary).

Paperless Process: In support of our effort to streamline the procurement process, get to contract award faster, and reduce costs, PA implemented the JAGGAER solution, an online procurement management tool. PA now has a total electronic process!

The JAGGAER solution has improved the procurement process in the following ways:

The procurement solicitation process allows for a question and answer period. The JAGGAER solution meets this need with a rolling question and answer feature. Here's how simply and directly it works: when a supplier submits a question, the Contracting Officer reviews and responds in real time. Everyone viewing the solicitation can read the question and the answer in real time. This reduces the number of repeat questions resulting in time savings for everyone as compared to the prior batch process.

The JAGGAER solution allows the Contracting Officer to see real-time status of the supplier's responses through the posting period. Before the end of the posting period, the Contracting Officer can monitor the status and activity of suppliers, provide supplier assistance, and conduct outreach to ensure a more robust competition.

The JAGGAER solution includes the ability to create and modify workflows. Most changes to the system can be done without the effort and delay of an IT department changing the program.

For years, Pennsylvania relied on the IFB procurement process for materials awarding on low-cost only. What about participation of SB/SDB? The procurement scoring process in PA, for RFPs and RFQs, awards 20% of its points based on commitment to SB/SDBs. The decision was easy, RFPs are no longer just for services or complex procurements! PA now procures most services and/or material procurements through this RFP process. PA now evaluates responses for past performance, value added services, quality of products, and SB/SDB participation.

Reinventing the procurement process was a challenging project to manage with a great deal of change in a short time but, through the adoption of new tools and the application of best practices, PA achieved its goal. Highlights of the redesigned procurement process include the implementation of a new online procurement tool to manage the advertisement, submission, and evaluation of procurements electronically, the introduction of supplier forums, streamlined forms, revised technical scoring methodology, and a transferable tool kit of procurement resources.

Transferability

A famous quote from Dr. Wil Rose, “Success is not counted by how high you have climbed, but by how many people you brought with you.” seems appropriate. As excited as we are about our new process, it is much sweeter when shared. Building transferability into the initiative, specifically the implementation of an electronic procurement solution, was a primary focus of the Commonwealth of [Pennsylvania Best Value Initiative](#).

Obtaining the JAGGAER software was simple. Log into the NASPO Value Point website and locate the SciQuest eProcurement Solutions contract for the JAGGAER software with a contract valid through 06/30/2021. The JAGGAER solution includes solicitation templates, content libraries, and is flexible enough to support multiple solicitation types including RFP, RFQ and RFI.

Other tools used in this initiative, and available through NASPO, include the supplier outreach and research tools of ProcurementIQ (formerly IBISWorld) and GovWin. Reports from ProcurementIQ provide pricing fundamentals, benchmark pricing and information, price drivers, pricing trends, forecast information, potential suppliers, and interested bidders increase competition and more cost savings! If applicable, pertinent regulations are referenced. ProcurementIQ also provides negotiation tools such as negotiation questions; suggested technical factor for evaluations and quality control measures for measuring the success of the contract after the solicitation is complete.

As we continued to define and refine the initiative, our toolbox grew exponentially. We found that as resources and stakeholders were identified, different people work in different ways, therefore a variety of tools are needed to be readily accessible. Resources such as web-based trainings (Exhibit C), workshops, end user procedures (Exhibit D), templates (Exhibit E), checklists (Exhibit F), video demonstrations of supplier forums (Exhibit G), tricks and tips, refresher courses, and instructor lead trainings are now available.

The tools that lead to our success are available and easily transferable to any interested procurement group such as state government, local governments, schools, and universities. The tools are readily available and easily obtained from a central location.

**Dr. Wil Rose, former CEO of the American Indian Heritage Foundation, from www.Indians.org*

Service Improvement

Pennsylvania's Best Value Procurement Initiative, involved key stakeholders from the beginning. DGS BOP knew they had to achieve buy-in, this was accomplished through positive and energetic communication to the Procurement Policy Council (PPC). The PPC is comprised of procurement stakeholders from agencies across the Commonwealth. We identified PPC as the best avenue for the Commonwealth. The PPC was presented with an overview of why the changes were needed, the goals we hoped to achieve, and were encouraged to participate and support this initiative.

Throughout the procurement initiative, stakeholders were engaged in regular committee meetings, and participated in live demonstrations, and work group sessions. The established communication plan included weekly emails and monthly updates to all levels of participants. The core team was able to identify pain-points in the existing process and recommend solutions to streamline the process.

Our biggest opportunity in tackling change, was moving from a paper process to the adoption of a complete electronic process. DGS BOP felt this was a key success factor in modernizing the process. We also knew the previous practice incurred excessive expenses not only for us but for our supplier community. Based upon supply base's expressed concerns of incurring costs with paper submissions, and the amount of time required to package and deliver a proposal; we had to act. We listened, and we delivered!

Once the JAGGAER solution was contracted and in place, an extensive training program was developed inhouse to align with PA's RFP process. The DGS BOP and PPC worked together to develop RFP and JAGGAER best practices and to identify procurement staff for training. The JAGGAER solution was piloted by DGS BOP staff initially with training and solution workflows adjusted as needed. The training of agency staff occurred over a four (4) month period and included instructor lead training session with hands-on exercises. Following the training, agencies began using the online solution. DGS BOP training team held workshop sessions which allowed users to enter their procurements into the JAGGAER solution with assistance from the training team.

By identifying and engaging stakeholders early in the process, listening to and acting on constructive feedback, DGS BOP and the participants were able to achieve a win/win outcome.

Cost Reduction

Pennsylvania's Best Value Procurement Initiative and the implementation of JAGGAER has resulted in a 33% procurement cycle time reduction! Pennsylvania projects \$1.7 million of annual productivity savings.

In addition to saving time, reducing rework, and being environmentally friendly, the streamlined process has resulted in increased customer satisfaction and contracts being completed faster for the agencies and the suppliers. The morale of the Contracting Officers has greatly improved as they have adopted the new technology. They find this process to be more efficient, manageable, and quicker.

The suppliers have reported that the time, papers, binders, and transportation to prepare several copies of an RFP proposal often exceeded \$1000 per solicitation. This was especially burdensome for our SB/SDB suppliers both administratively and financially. With electronic bid submissions, they no longer have these costs. One can surmise that increased supplier administrative costs add to the costs of the project, therefore reduced supplier's costs lead to cost reductions for Pennsylvania.

More than ever, it's important to move away from paper. In 2018, several paper mills transitioned from manufacturing paper to cardboard boxes to meet the cardboard needs created by online shopping and home delivery. This trend, labeled the "Amazon Effect", highlighted the importance of less reliance on paper.