State of Wisconsin

Department of Administration
Division of Enterprise Operations

2019 George Cronin

Awards for Procurement Excellence

One Procurement Shared Services Model

Executive Summary

The State of Wisconsin's Department of Administration has embarked on shared services initiatives in different functional areas (i.e. human resources, purchasing) since 2017, driven in part by a report from then-Governor Scott Walker's Commission on Government Reform, Efficiency and Performance, which determined that shared services models have the potential to reduce cost and increase efficiency in Wisconsin's administrative functions.

In the fall of 2017, the shared services model called One Procurement was officially launched, led by the Wisconsin State Bureau of Procurement. A roadmap for One Procurement was published at that time, establishing eight (8) major goals which effectively created a scope for the Model:

1) Strategic Sourcing: Optimize savings on enterprise contracts and work with agencies to identify areas for new collaborative contracts (enterprise or agency-driven).

2) Operational Reform: Enhance delegation agreements to clarify roles and responsibilities and work with agencies that do not have formal delegation to establish appropriate service levels and authority.

3) Systems Optimization: Enhance and support existing systems and look for new opportunities to pursue full automation of the procurement process using new technologies.

4) Improve Technology Procurement: Produce more tools and resources for managing IT contracts and increase the amount of consulting available to agencies from central office IT procurement staff.

5) Policy Reform: Overhaul the State Procurement Manual (SPM) to incorporate updated best practices, then incorporate new policy into the management review (audit) process to ensure compliance.

6) Promote Professional Development: Improve the core Wisconsin procurement training program to ensure it provides a solid foundation of basic and advanced knowledge for staff at all experience levels.

7) Improve True Collaboration: Enhance collaboration through more frequent meetings, surveys and relationship building with agencies impacted by One Procurement to discuss their goals and projects.

8) Share Resources: DOA and One Procurement agencies will share best practices and proactively seek out opportunities to consolidate agency purchases and cross-agency solicitations.

Since its implementation, this Model has been successful in driving innovation, reducing costs and improving customer service to the state agencies served by the central procurement office.

Innovation: Unlike shared services models where staff is physically relocated or reassigned to a central office, this Model instead achieves efficiencies through enhanced delegation agreements with agencies.

Transferability: The Wisconsin One Procurement Model is completely transferrable to any state that is exploring a similar initiative; this nomination is supplemented with essential documents.

Service Improvement: Adopting a center-led approach to shared services through collaboration and sharing resources has led to improvements in service to agencies, most clearly illustrated by a survey described herein.
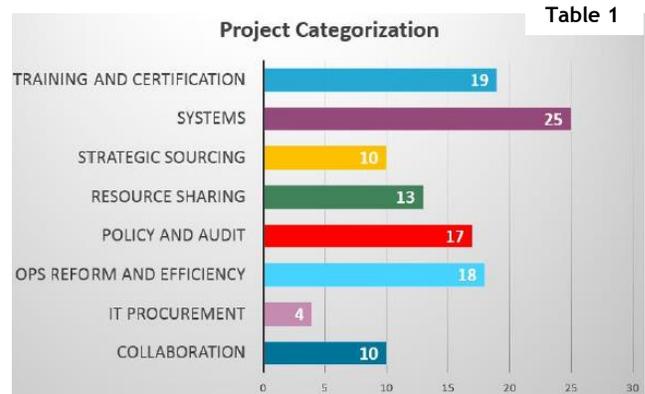
Cost Reduction: One Procurement has produced cost reduction in the form of avoided costs, reduced time to complete certain central processes, and cost avoidance achieved through consolidated purchases.

Innovation

While shared services concepts are not new and have been practiced in other many sectors, Wisconsin has taken a unique approach to procurement shared services by making no fundamental changes to any agency staffing, which is unusual. The objective of Wisconsin's One Procurement model is to realize all the benefits of centralization (e.g. cost reduction through better leveraging economies of scale; process standardization and optimizing the use of technology) with little to no disruption in any staffing levels, models or allocations across the enterprise.

As cited in the Governor's Commission report, an industry research paper on shared services models[1] stated "the factors for successful implementation are strong project management skills, senior-level support, effective communication, strong change management, and a phased implementation approach." One Procurement was rolled out in three phases.

First, the Bureau met individually with representatives of all agencies included in this Model. Following initial meetings, we analyzed and categorized their feedback against the scope of the Model. The result of the initial meetings was a comprehensive inventory of over 115 new requests for improvement and large projects (Table 1).

Table 1

Project Categorization

Category	Count
TRAINING AND CERTIFICATION	19
SYSTEMS	25
STRATEGIC SOURCING	10
RESOURCE SHARING	13
POLICY AND AUDIT	17
OPS REFORM AND EFFICIENCY	18
IT PROCUREMENT	4
COLLABORATION	10

Second, using the aggregated list of projects, the Bureau facilitated a group meeting with procurement leadership and key staff from the agencies to reach consensus on which projects were most important to the group, and then to prioritize when these projects should be initiated. The result of that collaboration was a 12-month roadmap (Supplement 1) that outlined fourteen (14) specific, major projects and goals for the first year of operations under the Model. This effort was innovative in that this was the first time agencies had been so actively engaged in a strategic planning effort of this size and scope, contributing direct input to and influence on the priorities of the enterprise. Prior to this Model, the Bureau has traditionally prioritized the projects that were required by law and by executive leadership, and agency input was minimal.

Third, the Bureau and the agencies signed enhanced delegation agreements, codifying the One Procurement Model and outlining each party's responsibilities to make it effective. Since the first strategic planning session and re-establishing delegation, the Bureau has tracked and reported on the status of all 14 strategic projects, demonstrating a commitment to the collaborative approach to shared services (Table 2).

Table 2

Goal	Project	Progress (as of end of CY 2018)				
		0%	25%	50%	75%	100%
Strategic Sourcing	Benefits Realization Reporting	■	■	■		
Strategic Sourcing	Survey for New Enterprise Contracts	■	■	■	■	■
Systems	Electronic Signature Solution	■	■	■	■	■
Systems	Phase 1: Supplier Contract Management System	■	■	■		
Systems	Enhance Special Procurement Request Automation System	■	■	■	■	
Professional Development	Share NASPO Training with Agencies	■	■	■	■	■
Professional Development	Reform Intro, RFP Classes	■	■	■	■	■
IT Procurement	Pilot Vendor Management Program with CIO Office	■	■	■	■	■
IT Procurement	IT Procurement Reference Guides	■	■	■	■	■
Operational Reform	Delegation Enhancement	■	■	■	■	■
Operational Reform	Improve Piggybacking	■	■	■		
Resource Sharing	IT Procurement Consulting	■	■	■	■	■
Collaboration	One Procurement Sharepoint Site	■	■	■	■	
Collaboration	Policy Manual Reform	■	■	■	■	

This project stands out as a notable contribution to the procurement function because it is a unique approach to any shared services initiative, and it is one initiative that offers practical and tested solutions for the majority of NASPO states' top 10 priorities of 2019: Agency Relations/Customer Service (1); Continuous Improvement (2); Maximizing eProcurement Solutions (4); Central Office as Strategic Leader (6); IT Procurement Collaboration (7) and Promoting Training and Certification (8).

Transferability

Wisconsin's procurement laws centralize the authority for goods and services purchasing with the Department of Administration but allows the practice of procurement to be delegated to other agencies at the direction of DOA. As such, the Wisconsin legal framework supports a center-led approach to managing an enterprise procurement

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[1] IBM research paper titled, "Success Factors for Implementing Shared Services in Government"

operation already. If another state had stricter delegation laws than that of Wisconsin, where only a central office would be allowed to conduct purchasing and procurement, this Model may not be fully transferable. However, for any state with a procurement operation that has any dependency on delegation of any kind, the One Procurement Model is fully transferable and has shown successful, practical results in Wisconsin.
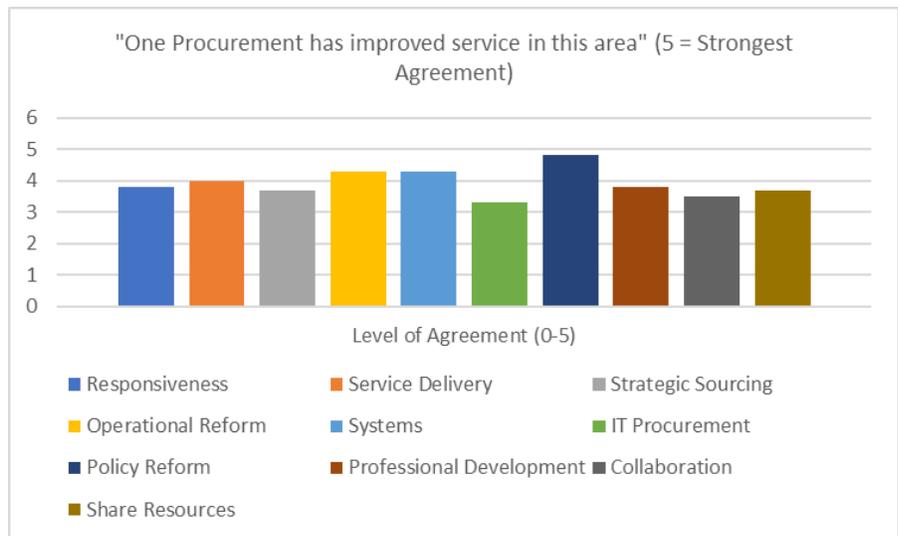
The Bureau used existing management and staff resources within the central office to manage this Model, and work with existing agency procurement directors and their existing staff to complete projects that are initiated. One primary example of using existing resources to manage a large shared services project to drive continuous improvement is the State Procurement Manual policy reform effort. In January 2018, the Bureau convened a cross-agency workgroup that included representation from most large agencies and University of Wisconsin campuses to overhaul the current state procurement manual. The policy manual had not been reformed since its original publication year of 1982 and over time had grown to 141 active sections and over 450 pages. This group met weekly between January and November 2018 to rewrite and reorganize all state procurement policy to align with legal standards, accepted enterprise best practices, and remove outdated material. The new policy manual, which is set to debut this fall, reduces the number of policies from 141 to 73, reduces the page count by 40%, all while adding new policy content in the areas of contract eligibility and IT procurement among others. The policy reform project is an example of how this unique shared services model used true collaboration and shared existing resources to avoid costs that several other states have incurred for similar projects using third parties (see Cost Reduction section).

The template used to establish shared services through delegation is appended to this nomination (Supplement 2), and the project management documents used for the policy reform effort are available upon request.

Service Improvement

The primary service improvements made through One Procurement have been between the Bureau's central office and our customer agencies. To determine where those service improvements should be made and where additional resources would be most effective, we started in the simplest way possible—we asked our customers. The result of those discussions was the 115 projects referenced above, but over time, has also turned into a continual, two-way collaborative effort to identify new projects, tools and resources that could benefit the enterprise. To demonstrate, One Procurement agencies indicated in a recent survey that service has significantly improved under this Model (Table 3).

Table 3

"One Procurement has improved service in this area" (5 = Strongest Agreement)

Level of Agreement (0-5)

- ■ Responsiveness
- ■ Service Delivery
- ■ Strategic Sourcing
- ■ Operational Reform
- ■ Systems
- ■ IT Procurement
- ■ Policy Reform
- ■ Professional Development
- ■ Collaboration
- ■ Share Resources

Regarding tools, One Procurement has produced practical guides on how to write better justifications for sole source procurements; a new standard Request for Bid template and practical guide for bid development; significant enhancements to Wisconsin's IT Procurement Best Practices Playbook and Software Licensing books; and refreshed or eliminated manual forms and processes used to support various procurement requests.

Regarding training, One Procurement has produced class improvements that have resulted in higher class ratings for Wisconsin's Request for Proposals class (Table 4) after working with an agency partner to overhaul the content and create new in-class exercises. In response to a request for more access to NASPO
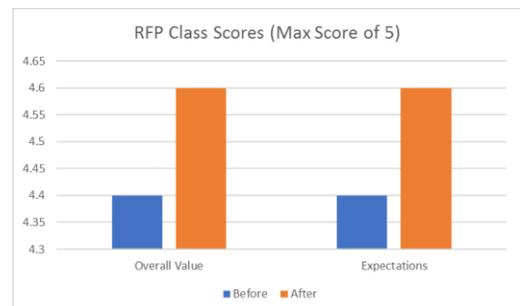

RFP Class Scores (Max Score of 5)

■ Before ■ After

Table 4

Agency Feedback on One Procurement

"Since One Procurement, SBOP has been very responsive to questions for assistance and guidance."

"The One Procurement model has increased the opportunities to have discussions with SBOP regarding consolidated procurements."

"I think that SBOP should continue forward with this model and their methods of communication which are highly effective. I thank SBOP for their willingness to consult on difficult procurement issues and advise and to always consider the agency's particular business needs when responding. I consider SBOP a key partner for our agency and a role model for DOA to emulate."

courses, the Bureau has also worked with the agencies to supplement the cost of NASPO Procurement U webinars to expand their access to professional development at no direct, additional cost to them.

On systems, One Procurement has resulted in the implementation of an enterprise electronic signature solution which produced cost reductions and business process improvements. Specifically, the Bureau identified six state agencies had individual subscriptions at various price points with the same supplier, DocuSign. By working directly with the supplier and the agencies, the Bureau made an investment in an enterprise subscription at a significantly discounted rate and expanded the access to electronic signature tools to all agencies and UW campuses, allowing them to streamline approval workflow processes for approving not just procurement-related processes, but other functional areas as well (e.g. Human Resources (HR) documents, grants, etc.) This allowed the six original agencies to be credited back any payments for the first year that was now covered by the enterprise agreement, expanded agencies' ability to use more of the service without concern for additional "per envelope" costs, and expanded a valuable business process automation tool to many more agencies and campuses that had no access before.

In IT procurement, the Bureau has increased the level of direct staff consulting and project management dedicated to assisting agencies with complex IT contract issues and has implemented policies and a framework for the IT Vendor Management Program. The results of these changes have been increased customer satisfaction from our customers in the CIO's office who are spending less time dealing with difficult supplier interactions. Specifically, in the three months since implementing an official IT supplier interaction and meeting management policy, IT VMP staff have managed nearly 60 supplier requests for time and information that would have otherwise been fielded by management and other key IT staff who are now able to more strategically repurpose that time.

Cost Reduction

This Model has avoided some of the additional, one-time costs typically associated with centralizing staff under more traditional shared services models. While it is difficult to gauge the cost reduction amount for every one of the first 14 strategic projects and other improvements, we have validated certain cost reductions on the largest projects.

Under IT Vendor Management, central office IT procurement staff responsible for managing the relationship with a large ERP supplier interceded in an annual software renewal for another office and avoided a $600,000 licensing "true-up" cost by analyzing reports of software utilization and determining that the contract did not allow for such cost.

The Bureau also negotiated the cost of our e-commerce system subscription down by nearly 20% ($140,205) per year and are using those savings to partially offset the cost of the enterprise electronic signature solution, keeping annual costs that our agencies pay for procurement services the same for the last two years while providing them more value.

On the policy reform project, Wisconsin avoided the cost of an independent consultant to overhaul the procurement manual. According to a consulting firm specializing in this type of service, the cost of a policy reform project like Wisconsin's has cost between $100,000-$160,000 on average for other state government clients.

On resource sharing, under One Procurement we have also led or initiated three new consolidated/cross-agency solicitations for excavating services; language, translation and interpretation services; and marketing and advertising services, avoiding redundant costs of each delegated agency conducting its own solicitation.

Conclusion

Numerous examples from the public and private sectors show that shared services initiatives produce economies of scale, standardization, technology optimization and improve overall services. The Wisconsin One Procurement Model has demonstrated that, and we believe other states can benefit from this approach as well. We are thankful for the opportunity to submit this application for the consideration of NASPO.