



# Buying Your Next IT Solution?

## 5 Tips to Make Your Procurement Process Easier

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# Agenda

- **Challenges in IT Project Delivery**
- **Current State of IT RFPs**
- **Success Factors for IT Project Delivery**
- **5 Tips to Make Your Next Procurement Process Easier**
- **Opportunities to Get Involved!**

# Challenges in IT Project Delivery

IT Project Delivery

# IT Industry Performance

- **28% of Projects are Successful** = essentially on-time, on-budget, with all features specified (satisfactory result)
- **46% are Challenged** = complete & operational, but over-budget, over-schedule, and offers fewer features than specified.
- **26% are Failed** = cancelled at some point during development/implementation cycle or not used after implemented
  - 202% average Cost Overrun
  - 111% average Schedule Overrun

The Standish Group, Chaos Reports – Collects case study information on IT failures. Studies 70,000+ projects in 15 years

# Consistently Chaotic Over the Years

## CHAOS RESOLUTION FOR ALL PROJECTS

	1994	2009	2010	2011	2012	2013
SUCCESSFUL	31%	36%	38%	37%	41%	36%
CHALLENGED	53%	44%	40%	46%	40%	48%
FAILED	16%	20%	22%	17%	19%	16%

## MODERN RESOLUTION FOR ALL PROJECTS

	2011	2012	2013	2014	2015
SUCCESSFUL	29%	27%	31%	28%	29%
CHALLENGED	49%	56%	50%	55%	52%
FAILED	22%	17%	19%	17%	19%

# SIZE OF THE SOFTWARE PROJECTS BY RESOLUTION

	SUCCESSFUL	CHALLENGED	FAILED	TOTAL
Over \$10M	8%	51%	41%	100%
\$6M to \$10M	19%	51%	30%	100%
\$3M to \$6M	18%	54%	28%	100%
\$1M to \$3M	39%	49%	12%	100%
Under \$1M	70%	25%	5%	100%

## CHAOS RESOLUTION BY COMPLEXITY

	SUCCESSFUL	CHALLENGED	FAILED
Very Complex	15%	56%	29%
Complex	20%	52%	28%
Average	39%	44%	17%
Easy	43%	41%	16%
Very Easy	47%	38%	15%

# IT Industry

(Geneca, 2011)



- In a study conducted with 593 business and IT professionals:
- **80%** admit they spend at least half their time on rework, which is the result of unclear objectives, confusion of roles and responsibilities, and lack of stakeholder involvement.
- **75%** of respondents believed that their IT projects are either always or usually “doomed” from the start
- **78%** feel that team is ‘out-of-sync’ when it comes to project objectives
- **61%** of the projects take longer than anticipated
- **57%** of the projects are not considered a success
- **55%** were confident that the objectives of their IT projects are clear
- **38%** are confused about their team roles and responsibilities
- **31%** believe there is a lack of common vision on project success criteria



# IT Industry

(Kappleman, McKeeman, Zhang, 2006) (Bloch, Blumberg, Laartz 2012)

- Research conducted on **5,400+** IT projects:
  - Had a cost overrun of **\$66 billion**
  - 50% of all large IT projects (\$15+ million), **massively blow** their budgets
  - *Black Swans* = **Budget overrun of +200%**
  - The average cost overrun is **45% over budget**
  - The average delay rate is 7% over time
  - 56% delivered less value than predicted / expected.



- On projects over \$15M:

Project type	Average cost overrun	Average schedule overrun	Average benefits shortfall
Software	66	33	17
Nonsoftware	43	3.6	133
Total	45	7	56

- Major causes for cost overruns are unclear objectives, lack of focus, and shifting scope

# Early Warning Signs of IT Project Failure (Kappelman et al. 2006)

- Identified 53 “early warning signs” in 3 categories:

- People Risks: behavioral
- Process Risks: managerial
- Product Risks: technological

**“Dominant Dozen”  
most important EWS risks  
were ALL People & Process!**

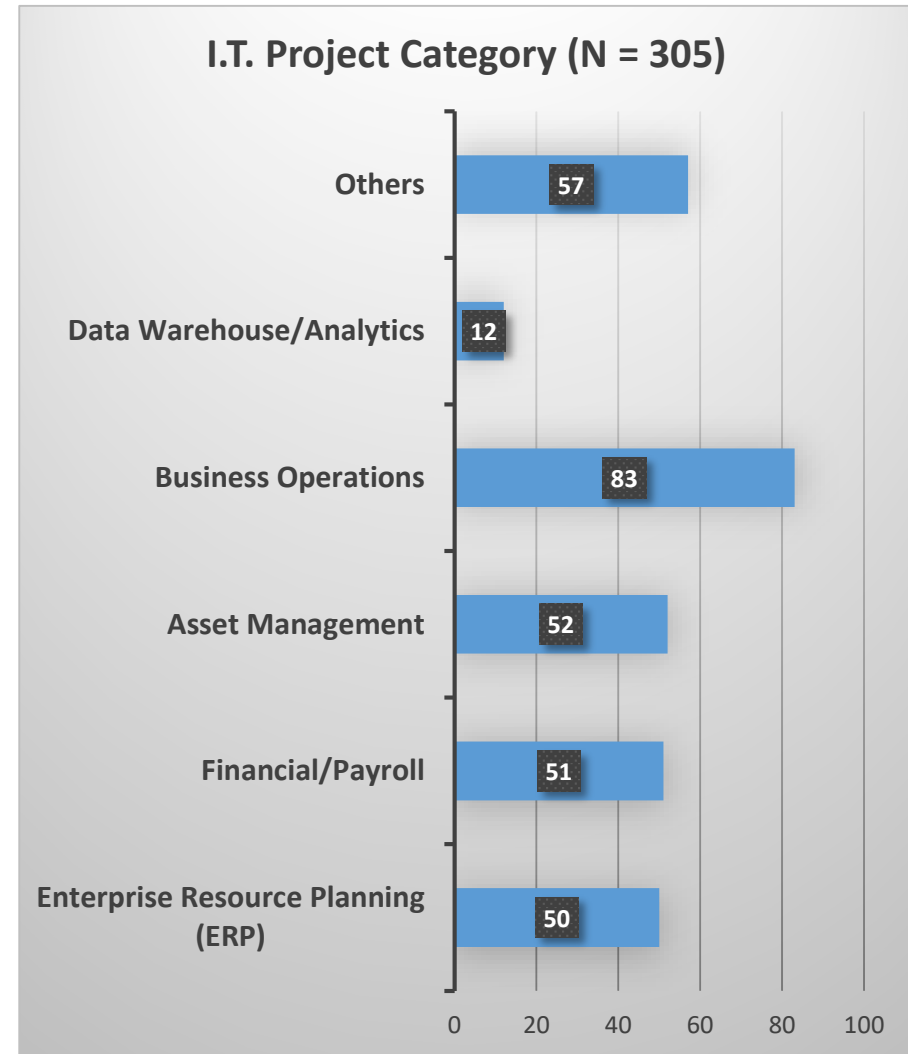
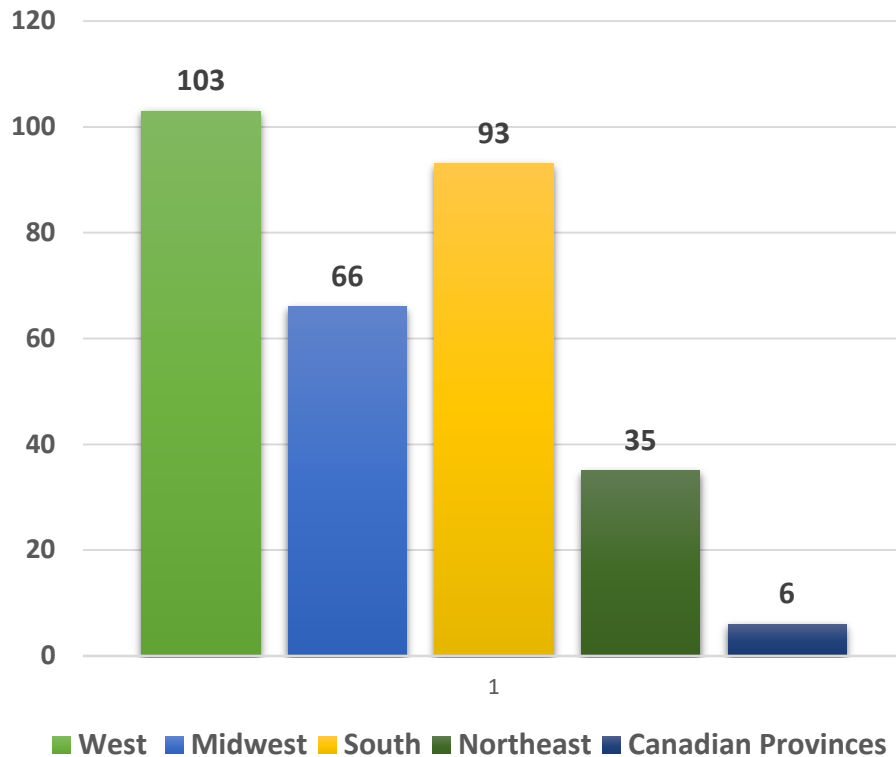
- Surveyed + Interviewed IT project managers
  - Average 15+ years of experience
  - Largest projects they managed were \$3M to \$7B
  - Project/program manager, IT consultants, analysts, VPs, executives.

# **Current State of IT RFPs**

**IT Project Delivery**

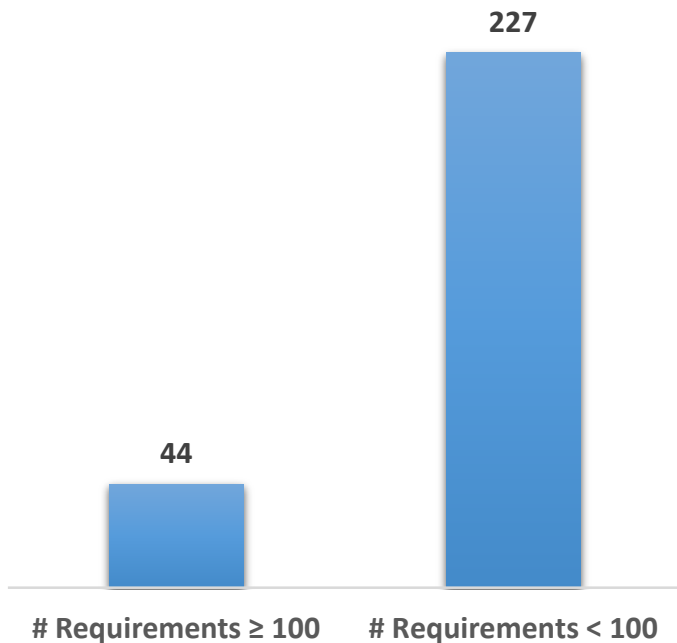
# National IT RFP Database OVERVIEW

- **305 Information Technology (IT) RFPs**
  - All 50 states + 4 Provinces

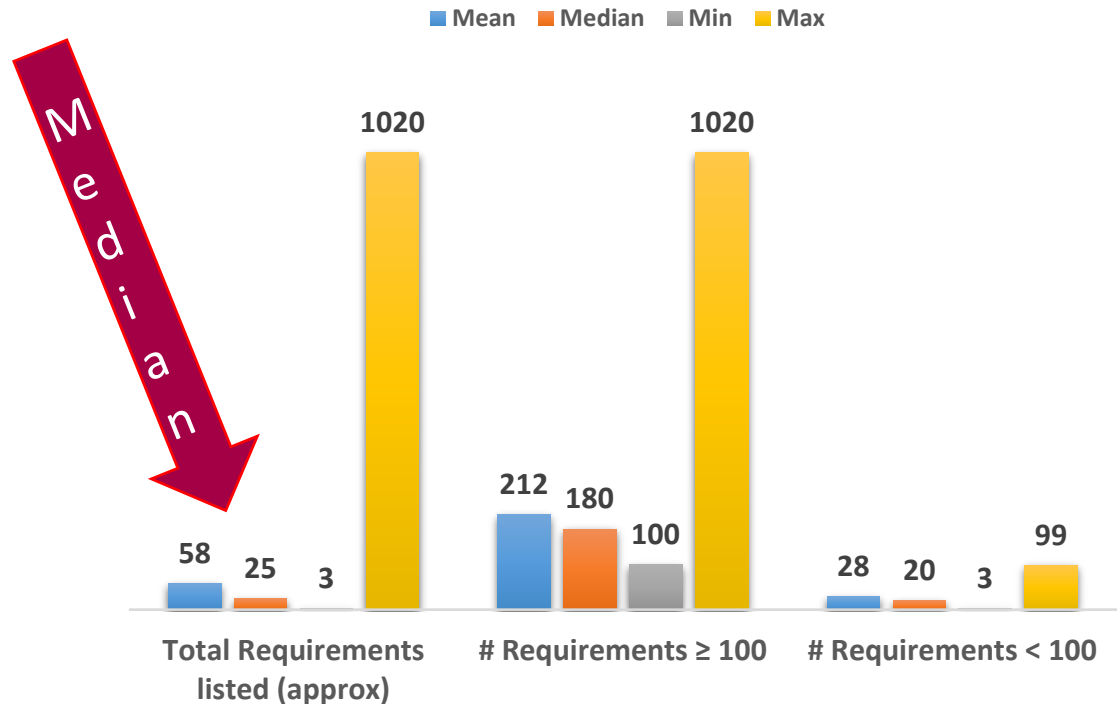


# National IT RFP Database DETAILED REQUIREMENTS

Detailed Functional Requirements Listed  
(N=271 projects w reqs)



Descriptive Stats of Detailed Requirements (N = 271)



# National IT RFP Database PROCUREMENT DURATIONS

Frequency of Timing Information  
Released (N=305)

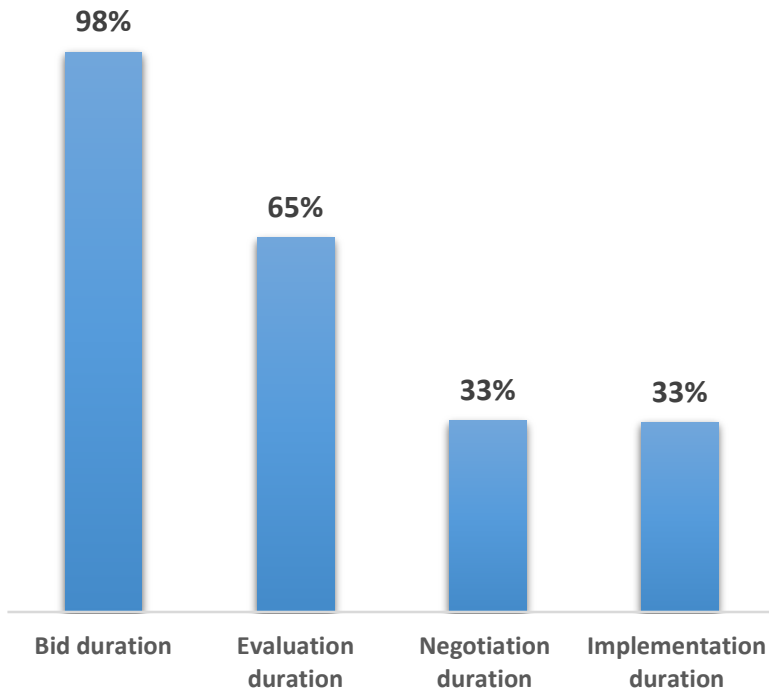
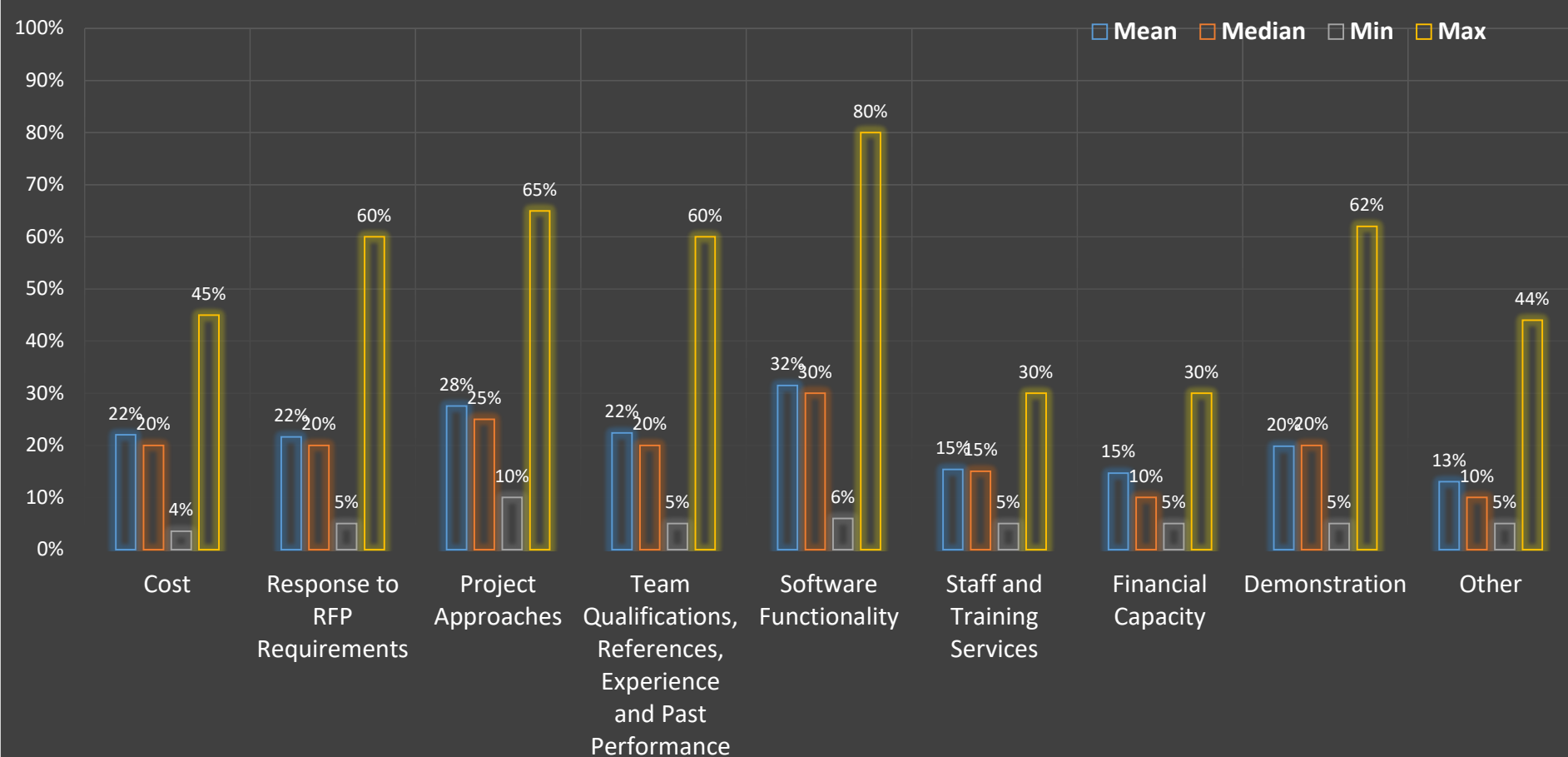


Table 1. Descriptive Stats of Procurement Processes

Duration	Mean	Median	Min	Max
<b>Bidding</b>	<b>1 Month</b> (33 days)	<b>1 Month</b> (31 days)	<b>1 Week</b> (9 days)	<b>2.5 Months</b> (80 days)
<b>Evaluation</b>	<b>1.5 Months</b> (45 days)	<b>1 Month</b> (35 days)	<b>1 Day</b>	<b>14.5 Months</b> (434 days)
<b>Negotiation</b>	<b>1 Month</b> (36 days)	<b>1 Month</b> (31 days)	<b>3 Days</b>	<b>4.5 Months</b> (140 days)
<b>Implementation</b>	<b>8 Months</b> (243 days)	<b>6 Months</b> (178 days)	<b>2 Weeks</b> (14 days)	<b>2 Years</b> (730 days)

# National IT RFP Database OVERVIEW

## Descriptive Statistics of Evaluation Criteria with Weights (N = 127)



# **Success Factors for IT Project Delivery**

**IT Project Delivery**



# Simplar Institute

- Group of **researchers** and **educators**
- Integrated within the **parties** (clients/buyers and vendors)
- Developed **tools, methods, & training** to enhance:
  - Organizational Transformation
  - Procurement & Sourcing
  - Project & Risk Management
  - Operational Efficiency
  - Human Dimensions
  - Performance Measurements
  - Benchmarking & Workforce
  - Facility Management Professional Training



# Simplar Institute



- **Become a Client of Choice**
  - Attract & Select High-Performing Teams
  - Identify & Leverage Expertise
  
- **Become a Performance-Based Vendor**
  - Use performance information to increase hit rate
  - Work like an expert for higher profit
  
- **Other things:**
  - organizational change, human dimensions, benchmarking, exploratory, talent development, education and training, workforce, policy & regulations, standards & templates

20+ Years | 100+ Organizations

3,000+ Projects | \$11+ Billion Procured

## Information Technology

Networking  
Data centers  
Hardware  
COTS software  
ERP systems

Help desk services  
eProcurement

## Facility Management

maintenance  
landscaping  
security service  
building systems  
industrial moving  
waste management  
energy management

custodial  
conveyance  
pest control

## Health Insurance/ Medical Services

## Manufacturing

## Business / Municipal / University Services

dining  
multi-media rights  
fitness equipment  
online education  
document management  
property management  
audiovisual  
communications systems  
emergency response systems  
laundry

retirement fund  
material recycling  
bookstores  
furniture

## Construction / Design / Engineering

Infrastructure	Renovation	DBB
Municipal	Repair	CMAR
Laboratory	Maintenance	DB
Education	Roofing	IDIQ
Hospital	Demolition	JOC
Financial	Development	Low Bid
Specialty	Supply chain	IPD



# Some Recent Efforts: IT Implementations

- Telecom System - Wire Telephony, Data Network, Video Conferencing & End User Support (\$35M)
- Telecom Management Solution (\$1.5M)
- Peoplesoft HR, Financial, etc. (\$850k per system)
- ERP (\$34M-\$85M)
- \$15M GIS IT
- GIS-Based Asset And Work Management Software and Implementation Services (\$600k)
- DMV Legacy System Replacement (\$25M)
- CRM Solution (\$1M)
- Identity & Access Management Solution (\$1M)
- Radio System Upgrade (\$1.5M)
- IT Monitoring Solution (\$100k)
- EDRM Solution (\$500k)
- \$4.5M for three Asset Management Systems incl. Electrical Assets, Demand-Side Management, and an Analytics System & Database
- Snow Plow Mobile Data Collection (\$2M)
- Housing Management System (\$200k)
- Wireless Network – Residences (\$400k)
- eCourse Evaluation Solution (\$400k)
- ePAR People Soft (\$600k)
- Asset Management System (\$300k)
- ITS Central Control System (\$700k)
- Recreation Management System (\$600k)
- Mobility Management and Administration System (\$700k)
- \$2M Sales Enablement & Content Mgmt Software
- \$3M HR System
- \$50M+ IMD System
- \$1M Data Strategy Design
- \$5M Financial Compensation Software
- \$1M Sales Enablement & Content Automation

# Success Factor: Must Consider Product AND People



**Product / System**

**VS.**



**People / Implementation**

# Success Factor: Must Consider Product AND People

The implementation can dictate the level of functionality delivered  
for YOUR ORGANIZATION



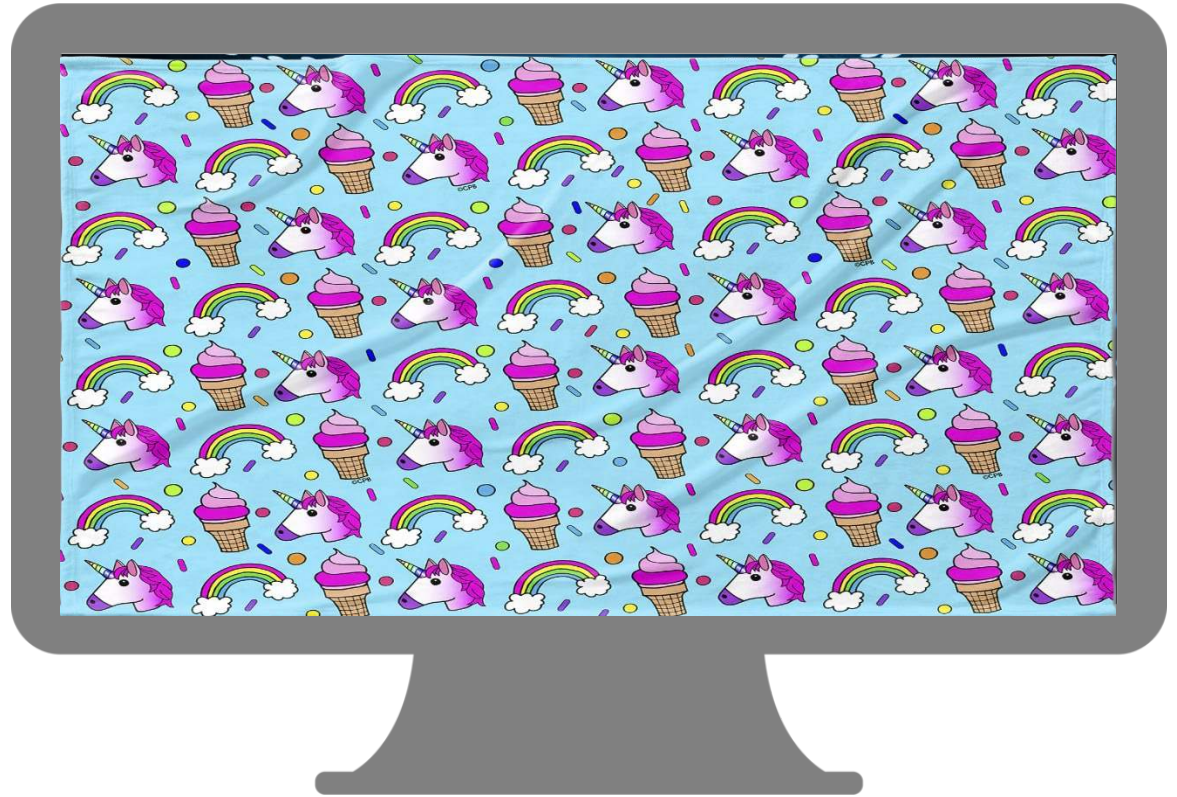
**Product / System**

**VS.**



**People / Implementation**

# Success Factor: Traditional Demos are Unreliable





# Success Factor: All Marketing Info Creates Confusion



# Success Factor: Seeing IT Adoption as an Org Change Event



# Success Factor: Don't Devolve into Silos



**Scope  
& RFP**

**Contract  
& Planning**

**Implement  
& Manage**

**Learn  
& Adopt**

# 2019

# IT

# PROJECT DELIVERY SUMMIT

**Scope • Procure • Contract • Deliver • Train • Adopt • Change**

[itprojectsummit.com](http://itprojectsummit.com) | October 8–10, 2019, Scottsdale, AZ

- **For buyers only:**

- Peer-to-Peer, no vendor sales pitches
- Tools, guidelines, and best practices
- No “easy button” (only real solutions!)

*De-Stress your  
next IT Project!*

# **5 Tips to Make Your Next IT Procurement Process Easier**

**IT Project Delivery**

# 5 Tips to Make Your Next IT Procurement Process Easier

- 1. Most Important Scope Element: Document your Current State!**
- 2. Use Scripted Verifications (Not Traditional Vendor-Lead Demos)**
- 3. Focus on the People: Interview the Implementation Team**
- 4. Eliminate Marketing Content from Written Proposals**
- 5. Clarify the Implementation Plan (BEFORE Signing the Contract!)**

# 5 Tips to Make Your Next IT Procurement Process Easier

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# Most Important Scope Element: Document your Current State (thoroughly)!

- What is my “Current State”?
- What you are doing now, today, before the new system!
  - Can be a legacy system
  - Can be manual, pencil-and-paper system



# Most Important Scope Element: Document your Current State (thoroughly)!

During a software implementation, the most common phrase from the vendor will be...

“Show us how you do that right now”



# Most Important Scope Element: Document your Current State (thoroughly)!

- Why do Vendors care about your Current State?



- It is the single largest driver of cost, schedule, and ability to achieve top functionality!

# Most Important Scope Element: Document your Current State (thoroughly)!

## Simplar Institute's Current State Training & Templates:

0) Training on how to use Simplar's Current Conditions Template

1) Current System Overview

2) Pain Points with the Current System

3) Strengths of the Current System

4) Core Functions, Capability, and Calculations

5) Reporting, Visualization, and Dashboards

6) Business Processes & Workflows

7) Current User Characteristics & Volumes

8) Users & Stakeholder Groups

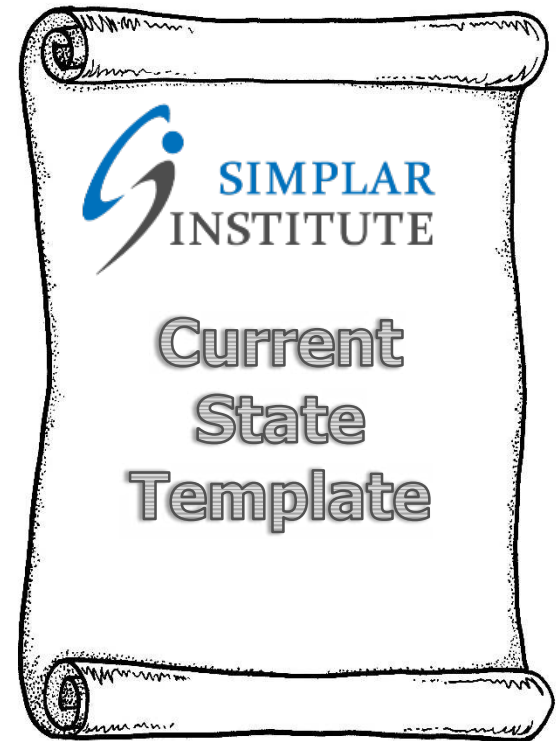
9) Historic Data Characteristics & Volumes

10) Data Stories

11) Current State Data & Integration Details

12) Supplemental details, figures, diagrams, data, etc. as pertinent

13) Perform a "Current Conditions Assessment" at the SME level



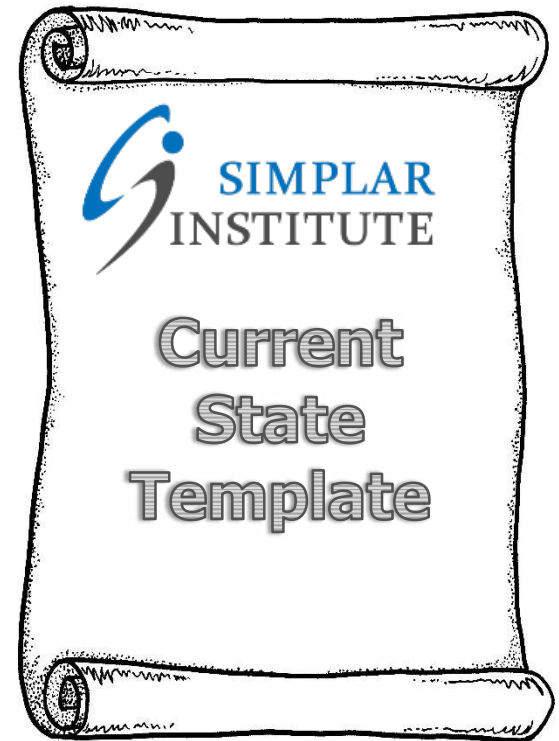
# Most Important Scope Element: Document your Current State (thoroughly)!

Simplar Institute's Current State Training & Templates:

**Wide Range of Applicability!**

Simplar is currently assisting...

- \$600k Sales Enablement System
- \$1M Regulatory Software
- \$10M ERP (HR & Financial only)
- \$50M Company-Wide Ops System
- And more...



# 5 Tips to Make Your Next IT Procurement Process Easier

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# Use Scripted Verifications (Not Traditional Vendor-Lead Demos)

- Many Traditional Software Demos look like this...



# Use Scripted Verifications (Not Traditional Vendor-Lead Demos)

## Simplar's keys to a Scripted Verification:

- A. Provide a script in advance**
- B. Focus on verification of decision-driving software functionality.**

Additional detailed demos will be performed later with the selected Vendor (Pre-Award Clarification Phase)
- C. Set a time limit**
- D. Eliminate demo versions or sandbox systems**
- E. View an actual, installed, and working system**
- F. Require the verification to be conducted by a current Client from each vendor**

# Use Scripted Verifications (Not Traditional Vendor-Lead Demos)

## Simplar's experience with Vendor's Client Leading the Verification (*\$45M State DOR's Tax System*)

1. One vendor could not accomplish all of the required activities within the time limit
  - **“It would be impossible for any company to go through all of the requirements in the script!”**
2. One vendor had a client read (word-from-word) a script.
  - **Then used a Powerpoint to show part of the demo (instead of the system)**
3. One vendor failed to show an in-operational system
  - **Only showed a prototype system**
4. One vendor brought in (flew in) an end client. The end client ran through each scripted requirement one-by-one



# Use Scripted Verifications (Not Traditional Vendor-Lead Demos)

## Simplar's experience with Vendor's Client Leading the Verification

- *City of Rochester, MN*
- *Asset and Work Management Software*
- *\$550,000 for software and hardware installation*
- *Utilized Simplar's SOW Approach & Actual In-Use System Demos*
  
- *Case Study Summary Provided*

# 5 Tips to Make Your Next IT Procurement Process Easier

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# Focus on the People: Interview the Implementation Team

- **Get Vendor's Implementation Team Members Up Front.**
  - Define this in your RFP, usually 2-5 individuals
- **Interview is One-on-One, No Notes**
- **Q&A Format (no presentations!)**
- **15-30min Interview per Individual**
- **Key Question: *On the whiteboard...***
  - ...Quickly layout the Implementation Plan (from start to end):*
    - Identify the major activities with approximate durations
    - Identify the greatest risks and what you recommend
    - Identify what you need from the client & when you need it

# Focus on the People: Interview the Implementation Team

## Goals:

- Meet the actual team of “doers” (strip out the marketing dog-and-pony show)
- Job interview format gives much higher degree of honesty
- Greater understanding of the team, resources, scope
- Identify if the personnel can think ahead and minimize potential risks

# Focus on the People: Interview the Implementation Team

## Interview Quotes (Simplar's Greatest Hits)

- “I have qualifications up the wazoo!”
- “You do understand that I didn’t write the Proposal. The Proposal was prepared by our business development staff.”
- “There is no risk on this project” - **\$5M Project**
- “I might be overcommitted by my management because they like to put my resume on proposals. I am being very honest with you.” - **\$60M Project**
- “I have never managed a project of this size & scope” - **\$30M Project**

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# Eliminate Marketing Content from Written Proposals

## Simplar's keys to a Eliminating Boilerplate Marketing Info:

- A. Specify your evaluation criteria (and weights)**
- B. Require maximum page limits**
- C. Provide required Templates for vendors to use**
- D. Require Anonymous submissions (no names, no logos)**

# Eliminate Marketing Content from Written Proposals

- Simplar's best practice templates:

**Risk  
Assessment**

**Value Added**

**4-8 pages in total  
Anonymous  
Consistent Templates**



# Boilerplate Content

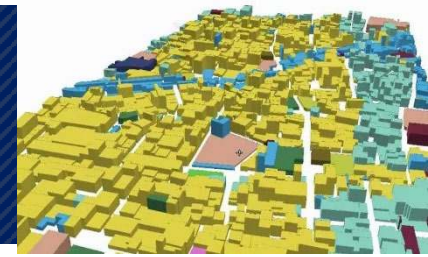
1. “We will work with the owner...”
2. “We have ## years of experience...”



3. “Our team has extensive experience in... Agile, Waterfall, [insert buzzword here]”
4. “Our company values are...”
  - ...Creating value through people, respect, and collaboration.”
  - ...to utilize a Total Team Approach.”
  - ...that our people are our greatest asset.”
  - ... to emphasize a customer-focused service approach.”

# Risk Example

client's internal activities (with an "if... then..." format)



- The Owner is upgrading GIS versions, migrating to a new geodatabase file structure, and publishing map services. None of these tasks has been previously performed by the Owner.
- We will provide GIS requirement documentation during Phase 1: Design and map services should be published by the end of this Phase. In the case the Owner does not, we will move forward with other project areas.
- If the GIS has not been properly integrated prior to the end of Phase 3: Configuration, the Asset Management system will NOT contain a GIS integration and this project will continue forward.
- Costs associated with implementing the GIS integration at a future date will be billed to the Owner at standard billable rates defined in the contract. Estimated costs as a result of delay may range from 5-10 billable days (40-80 hours). This scenario has occurred in less than 5% of previous implementations.

# Controllable Risk

**Functionality:** Separately track containers including PCB ppm range and source equipment ID(s)

## Why is it a risk?

- Proper disposal of containers depends on readily available disposal information of content including PCB concentration and oil source. The inability of software to link PCB concentration and quantity from source equipment to container would leave OWNER unable to effectively manage the disposal of containers per TSCA requirements.

## Solution:

- Containers are created in the New System as non-assets that have configurable displayed attributes (flex page). A database procedure links the source equipment ID and PCB concentration, oil weight and other attributes to the container while also creating a unique identifier for the container. Contents such as rags and dirt (non-assets) are grouped to the container along with disposal information of each.
- New System supports calculated fields which are used in the container flex field to calculate the ppm range (based on max ppm among contents) and total oil weight.
- Business rules can be supported by New System. For instance, an alert can automatically be sent by email if the calculated ppm range is above a defined threshold by applying a trigger to the calculated field.
- We will assist OWNER in the configuration of equipment grouping and workflows associated with disposal of non-assets in containers.

# Value Assessment

## New technology / implementation structure



- The State may want to consider an alternate licensing structure. The current requirements are to purchase a license for every user (175 total). If the user is in meetings, on vacation, or not using the system, the license is not being utilized.
- In a Concurrent Licensing structure, we can provide a number of licenses that can alternate between users. This will allow the State to better utilize the system (and not overpay for licenses that are not in use).
- In a Concurrent Licensing model, the server keeps track of the total number of licenses and loans the licenses to users as they log in. If a user is inactive, the server releases the license and allocates the license to the next user.
- The advantage is that the State is not required to purchase licenses that are not being used. Based on your operational requirements, you can achieve a cost savings of approximately 25%.
- We have done this on 5 similar accounts with 100% customer satisfaction.

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# Clarify the Implementation Plan (BEFORE Signing the Contract!)

- **Simplar's clarification process:**
- **The Vendor is NOT expected to conduct project work.**
- **But the Vendor IS EXPECTED to clarify HOW they will conduct the project work.**
  
- **All clarification activities will occur in parallel with legal review of the contract and T&Cs**
  
- **Most expert vendors say the Clarification phase is similar to their normal approach, just more structured, more focused, and results in a quicker launch post-contract.**

# Pre-Award Clarification

## Client Objectives:

- Answer any questions about the proposal
- Risk Minimization (not just risk transfer!)
- Leverage Vendor Expertise

## Vendor Objectives:

- Client Action Items and Resources
- Warn of potential roadblocks / lessons learned
- Set expectation for the optimal project approach

# Core Objectives of Clarification

**All related to the Operational / Execution Plan**

- **Baseline Schedule & Approach**
- **Risk Management Plan**
- **Client-Provided Resources**
- **List of Unknowns**
- **Vendor's Project Team Resources**
  
- **Example:**
  - **City of Lawrence, KS (Municipal Operations and Services)**
  - **\$750K Capital Project Management Software**



# **Opportunities to Get Involved!**

**IT Project Delivery**

# Opportunity: Satisfaction with IT Vendor Performance

- Has your organization ever implemented a new software?
- If yes, you can submit it here:
- [https://kusurvey.ca1.qualtrics.com/jfe/form/SV\\_6r29GILtRIjgbVb](https://kusurvey.ca1.qualtrics.com/jfe/form/SV_6r29GILtRIjgbVb)
- IFMA Members can submit up to 3 Software Projects per person.
- Each submitted project **automatically earns a \$20 Amazon Gift Card** (for the first 200 submissions – so be quick! 😊)

# Opportunity: Organizational Change Benchmark

- Has your organization implemented a Technology/Software that required learning, adoption, and change considerations?
- [https://kusurvey.ca1.qualtrics.com/jfe/form/SV\\_2oeXnaXRpK6jSSh](https://kusurvey.ca1.qualtrics.com/jfe/form/SV_2oeXnaXRpK6jSSh)
- IFMA Members can submit up to 3 examples of Organizational Change initiatives where their organization adopted a new technology/software.
- Each submission earns entry to a raffle for a **\$100 Amazon Gift Card** (1 winner per every 50 responses)
- At the end of the survey, please say that you are with IFMA.
  - With enough responses, we can provide IFMA-specific results so you can compare with peers!

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# We can help!

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- Work with procurement / purchasing / buyers
- Developing a Scope of Work and Creating the RFP
- Providing On-Site Training
- Streamlining the Evaluation Process
- Facilitating the planning phase with the selected vendor