



WHITE PAPER:
**BEST PRACTICES IN
PROCURING PUBLIC SECTOR
IT SOURCING ADVISORY SERVICES**

Executive Summary

Both commercial industry and public sector entities frequently turn to outside firms to help them scope and complete a managed services procurement. This niche specialist expertise is known as “sourcing advisory”. Hiring such firms can bring significant value to clients in gaining market-leading terms, conditions, and operational provisions; reduced overall cost; and increased services quality and innovation. In the public sector, specialist firms can also bring industry practices to government, even within requirements for transparency, process certainty, and objectivity in public sector procurement.

As clients conduct their research in considering how to scope and procure sourcing advisory services, we believe this paper will offer the readers valuable insights. Below is an overview of the contents:

- **Section 1: Procurement Processes – General Overview**
 - Lists common ways that advisory services may be procured. Terminology and specific rules will vary by jurisdiction.
- **Section 2: Procuring IT Sourcing Advisors – Common and Specialist Experience**

Describes the kinds of expertise clients should expect from sourcing advisors.
- **Section 3: Qualifying Sourcing Advisory Firms for Public Sector**

Indicates some of the minimum experience (often referred to as “mandatory requirements” to qualify sourcing advisors.
- **Section 4: Expertise / Roles Needed**

Describes the various categories of expertise needed in sourcing advisory.
- **Section 5: Stages in a Sourcing Program**

Organizes and scopes the stages of a procurement, including how many weeks/months to anticipate and how many FTEs for support.
- **Section 6: Reference Example Public Sector Procurement**
 - A prime example of a procurement for public sector IT sourcing advisory services

1. Procurement Processes – General Overview

Public sector entities may have a variety of procurement vehicles to choose from, which go by different names and have different rules in each jurisdiction. The following are examples:

- **Small Purchasing Threshold**
 - Entities may have an ability to acquire small items or services with a low pricing threshold (e.g., \$25,000). Such vehicles may be helpful for one-off events such as trainings and workshops.
- **Sole Source / Re-negotiation**
 - Special dispensation, often in cases of emergencies, where only a specific service provider is able to perform a needed function within the required timeframe.
- **Cooperative Contracts**
 - Contracting vehicles in other public sector entities (e.g., another state, NASPO, GSA, Texas DBITS).
- **Request for Information (RFI)**
 - This approach is used when public sector entities are trying to gain information from the marketplace but not directly contract for services. The stated intent is usually to gather expert and current research to guide strategy, but is also useful for informing internal stakeholders and the external marketplace of the entity's intent to pursue further contracting opportunities.
- **Request for Qualified Contractor (RFQC)**
 - An RFQC is a method to perform a procurement in stages. Where permitted, this allows a pre-qualification of a pool of service providers, each of whom may be generally capable to provide a service. Depending on jurisdiction, the public sector entity may then be able to conduct more focused, agile, and faster RFP-like processes for services as needed.
- **Request for Quote (RFQ)**
 - Usually a faster but a less collaborative way to perform procurements. The buyer typically must tightly define the requirements, and responsible / qualified respondents who have met those requirements are competing solely on price.
- **Request for Proposal (RFP)**
 - Longer but most collaborative and outcome-based method of conducting procurements. Usually this process allows for more of a general statement of requirements, goals, and description of the current state, and the potential service providers are allowed to craft a more creative solution to meet those requirements. The internal evaluation team may be able to score or rate proposals based on level of fit toward goals.

While each of these methods have their uses, Integrus Applied encourages clients to clearly define the goals of the sourcing effort, the activities needed in each step of the process, and consider creatively combining some of the above methods. The sourcing program and the method chosen is only a means to an end; that is, the procurement is a single step (albeit a significant one) in a long-term program. If a procurement fails to deliver the needed results, often the downstream effect is that a whole program may be delayed for a year or more. Using an approach that may seem longer but could yield a better result, could be faster for the overall effort. Also, combining or using some activities in parallel (e.g., conducting an RFI while building and RFP; or conducting an RFQC to accelerate a subsequent RFP – again while an RFP is developed in parallel) can yield better and faster results.

2. Procuring IT Sourcing Advisors – Common and Specialist Experience

When clients hire sourcing advisory firms they should expect a baseline level of capability in the following:

- **Process leadership and facilitation:** deal strategy, RFP development, supplier qualification/evaluation, due diligence, negotiation and deal closing support
- **Domain expertise:** acquisition, technical, financial, legal
- **Service component experience and SOW/SLA requirements language:** IT infrastructure, service desk, end user computing, data center, etc.

Clients may further seek specialist differentiators, depending on their own industry, sector, and targeted services.

- Firm experience focused in public sector
- Advisor backgrounds from: private sector, public sector, buyers, and service providers
- Dedication to melding the best of both private and public sector practices
- Track record of multiple large, unprotested procurements
- Dedication to collaborative negotiation to create multi-party wins
- Partnership with (ability to bring in) certified public procurement professionals
- Most relevant pricing and contract database (and direct experience behind the deals) for IT infrastructure services in US public sector
- Understanding of public sector procurement; ability to creatively work within process improve managed services sourcing outcomes
- Defined and continue evolving contract structures such as shared service levels focused on customer experience, contractually binding operating level agreements
- Retrofitting and re-negotiating contracts for new delivery models
- Building change programs in public sector
- Culture of integrity and dedication that earns both clients' and service providers' trust

3. Qualifying Sourcing Advisory Firms for Public Sector

The following factors should be considered as minimum/mandatory requirements in state government when acquiring sourcing advisory services:

- Experience to consider
 - Firm has more than five years' experience serving in similar (e.g., US state) government
 - Served clients in two or more states
 - Three public sector sourcing efforts
 - At least two comparable towers (as relevant, such as end user computing, network/carrier, data center) of similar or greater scale/complexity in last five years
 - Experience should cover all of the stages of support required by the client (e.g., financial assessment, procurement build, negotiations, transition, governance, etc.)
 - Minimum two public sector clients providing financial analysis (e.g., pricing analysis, business case development, financial evaluation/negotiation, etc.)
- Does not sell hardware/software/services being consulted
- Is not currently under contract providing the applicable services being sourced
- Does not provide paid advice to service providers in direct pursuit of sales opportunities
- Reference Case Studies
- Demonstrates industry leadership through white papers, industry association involvement, etc.

4. Expertise and Roles Needed

The following roles are typically defined on the project team provided by the sourcing advisory firms. Depending on the project, one or several individuals may share some of these responsibilities. In addition to the roles below, firms should be expected to provide additional oversight and quality assurance review from off-account experts within the firm.

- **Solution Advisory**
 - Background in procurement process, solution elements, service levels; works closely with client solution leads; runs meetings to develop RFP, support Q&A, evaluate responses, support due diligence, facilitate clarification and integration sessions, final solution alignment.
- **Finance**
 - Analyze current pricing, financial structure, and goals; works closely with client finance leader to define future state operating model, which may define pricing units, chargeback structure, etc. Support proposal evaluation and contract negotiations.
- **Sourcing / Contracts**
 - Background in procurement, legal, and contracts; works closely with procurement officer(s) and internal or external counsel; helps define the sourcing strategy and roadmap, facilitates key procurement stages and decisions; support contract negotiations.
- **Governance**
 - Defines future state structure of teams, meetings, and processes; works closely with organizational change leaders and other stakeholders; supports or facilitates initial rounds of governance meetings
- **Executive oversight – internal bench and quality assurance support**
 - Clients should expect that firms will have an internal bench to reach back for specialist questions and ongoing oversight. Sometimes this is priced separately, but usually it's consider “part of the price” when acquiring the resources above.

When advisors such services at an hourly rate (and often the hourly rate is used to construct a fixed-price deliverable), clients should expect that the advisors are bringing intellectual property (such as pricing databases, sample contract language, best practice metrics, etc.).

5. Stages in a Sourcing Program

When considering a full sourcing program, and how to scope timing, expertise, and price, it is helpful to consider the various stages. Below, we have indicated four key stages for a relatively large, but generally single-tower IT managed services procurement. By “single tower”, we mean a procurement for an industry-standard scope category, such as server/storage management, end user computing, or managed network services.

Also below, we have described potential components and timeframes of stages. They may or may not all be applicable for a specific effort. And within each, the unique goals and constraints of a particular client environment will affect choices of what to cover in a given stage.

| | Assessment / Recommendation | Initial Market Engagement | Procurement | Transition | Ongoing Governance |
|--------------------|---|--|---|---|--|
| Purpose | Study current environment, define broad roadmap for sourcing program | Coordinate internal stakeholders, learn market offerings, further define sourcing program, and project plans to marketplace | Conduct acquisition phase, including building documents through to evaluation and negotiations. | Help ensure relationships gets going "on the right foot" | Support ongoing interactions between customers, central agency, and suppliers |
| Timeframe | 6 weeks to 3 months | 2-4 months | 6-10 months | 4-8 months | Ongoing |
| May include | <ul style="list-style-type: none"> - Gathering current data - Conducting stakeholder surveys - Reviewing current contracts - Assessing pricing to market - Defining initial business case - Developing sourcing roadmap | <ul style="list-style-type: none"> - Building rough RFI or RFS documents - Establishing program governance/stakeholder committee(s) - Conduct RFI - Facilitate response review - Facilitate supplier meetings | <ul style="list-style-type: none"> - Building procurement documents - Defining requirements, service levels, financial structure - Working with procurement officers and internal/external counsel to refine/define documents and process - Facilitating supplier Q&A and Due Diligence - Conducting evaluation sessions - Conducting supplier oral Clarification Sessions and Integration Sessions - Negotiations and final solutioning - Facilitating document iteration and finalization | <ul style="list-style-type: none"> - Establishing governance model - Work with client project managers on tracking - transition/transformation events - Model or lead governance meetings - Support process (re)definition - Support deliverable tracking - Support decision-making - Fill gaps or support learning curve in emerging organizational capabilities | <ul style="list-style-type: none"> - Model or lead governance meetings - Ongoing budget and business case tracking - Support deliverable tracking - Support decision-making - Fill gaps or support learning curve in emerging organizational capabilities |
| Total FTEs | 2 - 3 | 1 - 2 | 1 - 2.5 | 1 - 2 | 1 - 2 |
| Sourcing* | High | Med | High | Low | Low |
| Solution* | High | Med | High | High | Low |
| Finance* | High | Med | High | Med | Med |
| Governance* | Low | Low | Low | Med | Med |

**These categories represent the experience of persons in roles, further described in Section 4 above. "High" = near full time; "Med" = about half time, "Low" = a few hours per week. These roles and effort levels vary across the life of a project, and may be combined in a single contracted advisor and/or supplemented with client team members.*

6. Reference Example Public Sector Procurement

The Georgia Technology Authority (GTA) in 2020 conducted a procurement to qualify sourcing advisory firms in several workstreams. Attached to this document, we have provided the following from our responses to GTA, as they are a prime example of a well-run procurement for such services.

- **Exhibit 1 - GTA Proposal - Technical Pack Sourcing Advisory**
 - Proposal including Mandatory Requirements and reference examples for sourcing advisory services

- **Exhibit 2 - GTA Proposal - Technical Pack Benchmarking**
 - Proposal including Mandatory Requirements and reference examples for financial analysis services

- **Exhibit 3 - GTA Proposal - Baseline Pricing Pack**
 - Pricing for the above

Background on Integris Applied

The mission of Integris Applied (formally “Sourcing Advisory Services, LLC”) is to facilitate healthy service relationships. Over the last decade, we have led our clients through some of the largest state government IT services procurements in the country. Our team has served as advisors, service providers, and government executives – which means we have seen these initiatives from all angles. Along the way, we have developed new approaches to sourcing relationships, disentangled clients from complex contracts, and implemented transitions involving multiple procurements and multiple government agencies.



These transactions and our support involved far more than procurements. Rather, they have represented key components of significant change initiatives. We have helped our clients address stakeholder concerns, manage the organizational and skillset changes required, and communicate with legislatures, governors and the citizens our clients serve.

As a firm, we have conducted multiple procurements across state and federal government – totaling more than \$2.4 billion in contract value and counting. Services represented include the full range of IT infrastructure, including service desk, service integration, contact centers, end user computing, server/storage, cloud computing, data centers, local area network, managed security, and managed network/carrier including voice and data.

As a firm, we designed the original Multisourcing Services Integration (MSI) model at Texas DIR and have continued to mature the model at other clients such as the Georgia Technology Authority (GTA), the Virginia Information Technologies Agency (VITA), and the US Department of Defense’s Defense Health Agency (DHA).

In addition to our work directly with clients on sourcing initiatives, we are also recognized as a thought leader nationally in public sector IT strategy. Through partnership with the National Association of State Chief Information Officers (NASCIO) we have conducted studies and co-authored reports such as [The State CIO Operating Model: Bridging Trends and Action](#) (also known as CIO As A Broker model).

Integris Applied’s capabilities and engagement methodology cover the full life cycle of planning, procuring, implementing, and governing contracts (as shown in the figure below).





Integrus Applied is an information technology advisory firm dedicated to facilitating complex service relationships where each of the parties' competing and collaborative business objectives are identified, honored, and achieved – both in the short-term and long-term. We are experienced practitioners in the field, with backgrounds in service providers, client IT organizations, and public and private sectors. Specialty focus areas include multisourcing and multiparty integration, collaborative negotiation, and public sector transparency.

For more information or to schedule a consultation with our experienced advisors, please contact:

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