

National Pension Education Association

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“The Procurement Process”

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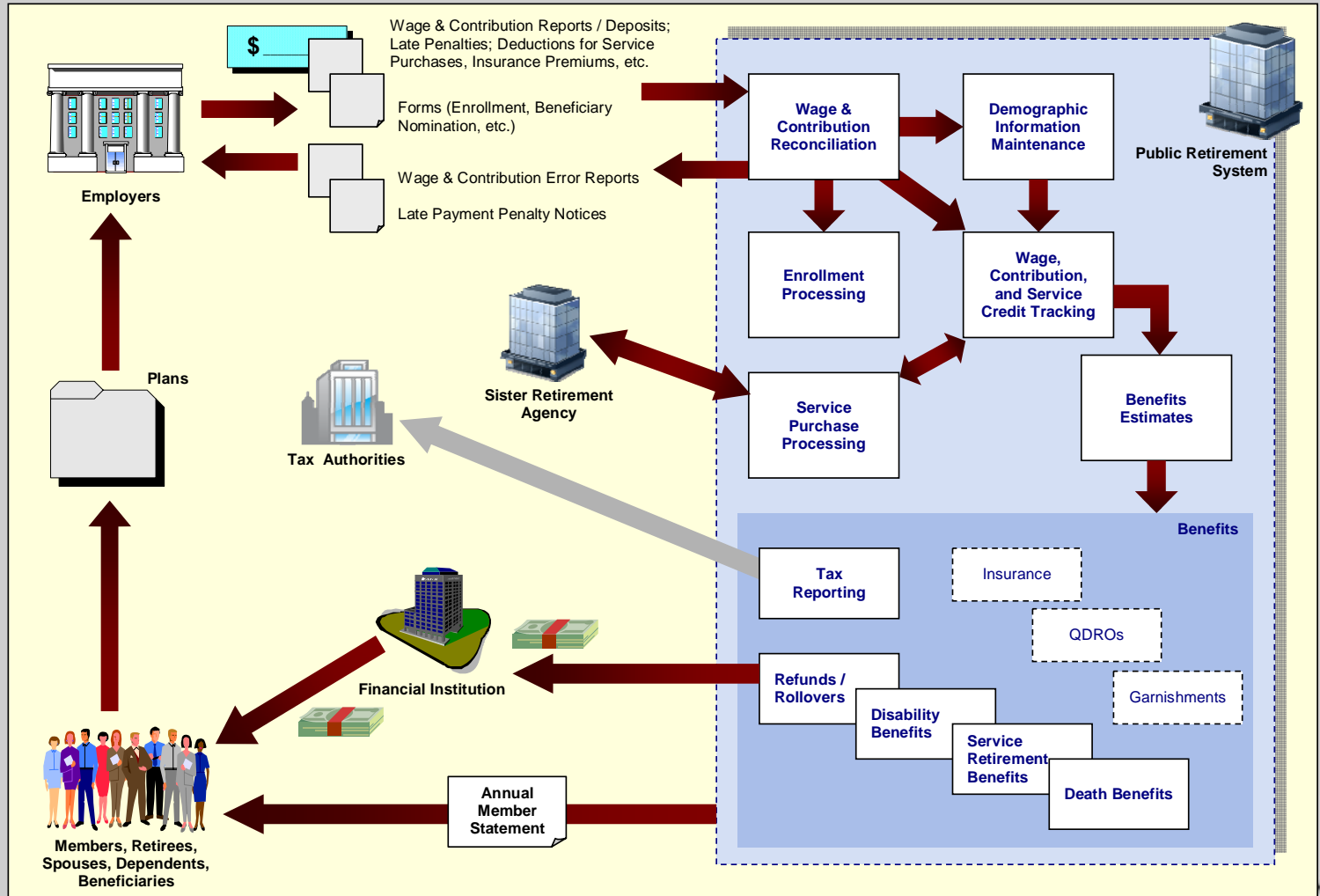
The Procurement Process

- ◆ The Problem
- ◆ Preparations
- ◆ Define Requirements / Develop RFP
- ◆ Conduct Procurement Activities
- ◆ Select Solution Vendor
- ◆ Negotiate Contract
- ◆ How Long Will It Take?
- ◆ Questions



The Problem

Public retirement systems are typically complex – even the smaller systems. To protect the agency against change orders and project overruns, the RFP for a new pension solution must capture as much of that complexity as possible.



Preparations

- ◆ Identify the project team
 - Division managers
 - Experienced users
 - IT, auditor, oversight authorities
- ◆ Select a well respected project sponsor
- ◆ Assemble the Steering Committee
 - Decision-making body
- ◆ Define the vision
- ◆ Involve the Board
- ◆ Determine preliminary project scope, budget, and timeframe

Define Requirements / Develop RFP

- ◆ Describe current “as is” environment
- ◆ Define “to be” business function requirements
 - **Detail** the “what”
 - Leave the “how” to be defined by the vendors
- ◆ Define solution’s technical requirements
 - Architectural
 - Standards
 - Operational and performance
 - Integration (imaging / workflow, accounting application, etc.)
 - Interfaces (banks, IRS, insurance carriers, sister agencies, etc.)

Define Requirements / Develop RFP

- ◆ Define service requirements
 - Project management
 - » Methodology
 - » Project phasing
 - » Deliverables
 - Change management
 - » Process
 - » Organizational
 - Data
 - » Conversion
 - » Cleansing
 - » Bridging
 - Documentation



Define Requirements / Develop RFP

- ◆ Define service requirements (cont'd)
 - Training and knowledge transfer
 - » Managers and users
 - » Technical staff
 - » Employers
 - Testing
 - » Vendor testing
 - » User acceptance testing
 - » Criteria for cutover
 - Warranty and support

Define Requirements / Develop RFP

- ◆ Define project options
- ◆ Define proposal format
 - Technical proposal
 - Cost schedules
- ◆ Describe proposal evaluation process
 - Selection criteria and weightings
 - Procedures
- ◆ Mandatory terms and conditions
- ◆ RFP attachments

Conduct Procurement Activities

- ◆ Issue RFP
- ◆ Conduct bidders conference
- ◆ Respond to vendor questions
- ◆ Schedule vendor product demonstrations
- ◆ Schedule site visits
- ◆ Prepare Product Demonstration Scenarios (PDSs)
- ◆ Develop detailed evaluation methodology
 - Process
 - Scoring worksheets
- ◆ Receive proposals

Conduct Procurement Activities

- ◆ Screen proposals for compliance
- ◆ Conduct detailed review of technical proposals
- ◆ Conduct initial scoring (technical only)
- ◆ Prepare questions for vendors
- ◆ Review vendor responses to questions
- ◆ Attend product demonstrations / site visits
- ◆ Conduct vendor reference checks



Select Solution Vendor

- ◆ Score reference checks, product demonstrations, site visits
- ◆ Open cost proposals
- ◆ Conduct second scoring pass, including cost
- ◆ Select finalists
- ◆ Request Best and Final Offers (BAFOs)
- ◆ Review BAFO submissions
- ◆ Conduct final scoring based on BAFOs
- ◆ Select vendor

Negotiate Contract

- ◆ Negotiate
 - Features (scope) and cost
 - Legal terms and conditions
- ◆ Request legal review by State attorneys
- ◆ Request authorization by oversight authorities
- ◆ Execute contract
- ◆ Announce contract award

How Long Will It Take?

- ◆ In our roughly 30 projects to date, we have seen it take
 - As little as 6 months
 - As long as 2 years
 - On average, 9 months
- ◆ Remember: the **implementation** will likely take another 3 years or longer
- ◆ Once the decision is made to proceed, therefore, expect your legacy system to remain in service for another four or five years

Questions

