

**ETS**  
OFFICE OF ENTERPRISE  
TECHNOLOGY SERVICES

# IT BUDGET AND SPEND REQUEST CYCLE DOCUMENTATION

Updated: October 2017

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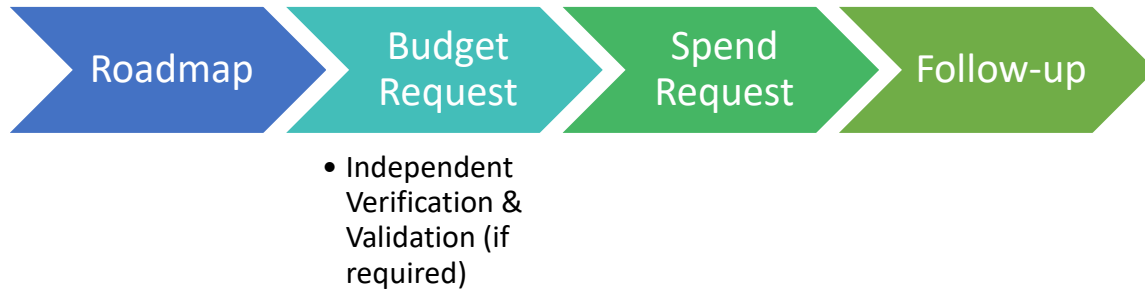
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## DOCUMENT PURPOSE



This document was developed by the Office of Enterprise Technology Services (ETS) Information Technology Governance (ITG) group to provide an overview and guidance for the Executive Branch Departments' information technology (IT) budget and spend request activities.

The five processes discussed here are:

1. Road mapping
2. Biennium and supplemental year IT budget requests
3. IT spend requests
4. IT spend follow-ups

Each process will be described in three parts:

- Who to contact
- Process: When should a process take place and what should be done
- Resources – documentation and forms

Each of the processes discussed here are related to responsibilities given to the State's Chief Information Officer (CIO) in HRS section 27-43 (reference below).

## HRS SECTION 27-43

[http://www.capitol.hawaii.gov/hrscurrent/Vol01\\_Ch0001-0042F/HRS0027/HRS\\_0027-0043.htm](http://www.capitol.hawaii.gov/hrscurrent/Vol01_Ch0001-0042F/HRS0027/HRS_0027-0043.htm)

§27-43 Office of enterprise technology services; chief information officer; information technology steering committee; establishment; responsibilities. (a) There is established within the department of accounting and general services the office of enterprise technology services, which shall be headed by a full-time chief information officer to organize, manage, and oversee statewide information technology governance. The chief information officer shall be appointed by the governor as provided in section 26-34. The chief information officer shall report directly to the governor and, in conjunction with the information technology steering committee, shall:

- (1) Develop, implement, and manage statewide information technology governance;
- (2) Develop, implement, and manage the state information technology strategic plans;
- (3) Develop and implement statewide technology standards;
- (4) Work with each executive branch department and agency to develop and maintain its respective multi-year information technology strategic and tactical plans and road maps that are part of the State's overall information technology strategic plans, road maps, and directions;
- (5) Coordinate each executive branch department and agency's information technology budget request, forecast, and procurement purchase to ensure compliance with the department or agency's strategic plan and road map and with the office of enterprise technology services' information technology governance processes and enterprise architecture policies and standards, including policies and standards for systems, services, hardware, software, and security management;
- (6) Report annually to the governor and the legislature on the status and implementation of the state information technology strategic plan;

ADMINISTRATIVE DIRECTIVE NO. 15-02 (AD 15-02)

AD 15-02 issued by Governor Ige defines the governance process for IT programs and projects.

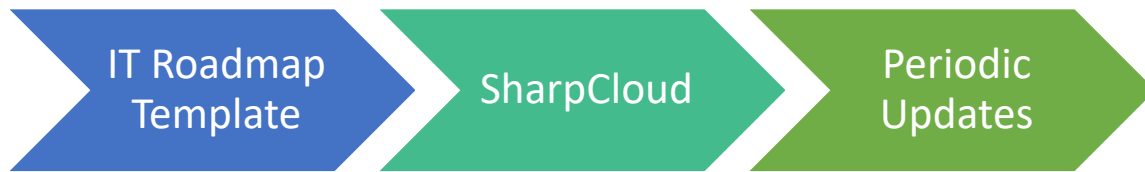
<http://ets.hawaii.gov/wp-content/uploads/2015/12/AD-15-02.pdf>

Under my authority, the Office of Enterprise Technology Services (ETS) has the responsibility for statewide oversight and program governance for all Executive Branch enterprise-wide information technology (IT) and modernization projects, as well as IT modernization projects identified under the General Appropriations Act of 2015 (Act 119, 28th Hawai'i State Legislative Session). As such, all IT modernization projects that meet any of the following criteria must adhere to the program governance process described in this memorandum, effective immediately:

- all IT development and modernization projects under Act 119 or any future related legislation or budget bills;
- all IT projects that require technology resources estimated at \$1,000,000 or greater; or
- enterprise projects identified by the Chief Information Officer, typically those that will leverage business and operational efficiencies and benefits for multiple departments or agencies.

In order to verify that IT and modernization projects are properly initiated, evaluated for return on investment (ROI), planned, funded and executed, this governance process must be followed as administered by ETS.

## IT ROADMAPMING



## WHO TO CONTACT

The ETS ITG IT Roadmap Team can be contacted via the ETS IT Governance Manager. The names and email addresses for the current ITG Manager and IT Roadmap Lead are found below. The IT Roadmap Lead provides each Department at least one Contributor account which is used to update an IT Roadmap. The IT Roadmap Lead can arrange for a Department to schedule a tutorial session to learn to use SharpCloud.

## IT GOVERNANCE MANAGER

**Todd Omura** – Todd.T.Omura@hawaii.gov

## ROADMAP PROJECT LEAD

**Kaimana Bingham** – Kaimana.N.Bingham@hawaii.gov

## PROCESS

## WHAT IS AN IT ROADMAP?

*A roadmap is the governing document that dictates specifically how technology will support the business strategy and help drive businesses priorities over the next 3-5 years.<sup>1</sup>*

The State CIO is required by statute to work with the Departments to develop and maintain IT road maps.

HRS §27-43 (4) Work with each executive branch department and agency to develop and maintain its respective multi-year information technology strategic and tactical plans and road maps that are part of the State's overall information technology strategic plans, road maps, and directions;

IT Roadmaps will serve as the focal point of discussion between ETS and Departments when reviewing Department IT activities. They will also serve as a communication tool to other entities in the State, including the Legislature.

All biennium and supplemental year budget requests (Form A) and large (\$50K or more) IT spend requests must reference a specific roadmap item.

<sup>1</sup> CIO. <http://www.cio.com/article/2889361/it-strategy/why-you-need-a-strategic-it-roadmap.html>

All roadmaps will be maintained using SharpCloud. SharpCloud is a web-based roadmap visualization tool. All roadmap updates will be managed through the SharpCloud web-based graphical interface.

IT Roadmaps will be updated on a periodic, as-needed basis by the Departments, and the web-based SharpCloud tool must be used going forward.

At a minimum, the following information for each initiative or project must be kept up-to-date by the Department:

- Description
- Timeline
- Budget
- Red, Amber, Green (RAG) Status
- Project Team contacts
- Public View vs. Private View designation

## RESOURCES

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### ESTABLISHING A SHARPCLOUD PROFILE

The first step each user needs to take is to establish a SharpCloud profile using the link below.

<https://my.sharpcloud.com/signup>

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### CONFIRM YOUR SHARPCLOUD ACCOUNT

Once a profile is created, users will need to confirm the account via the confirmation email.

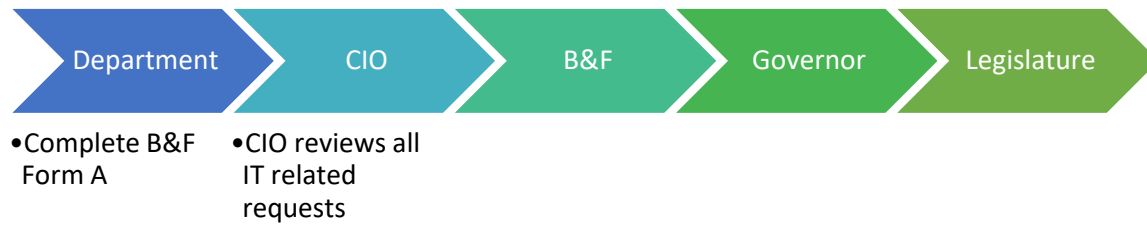
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### ACCESSING SHARPCLOUD

Users can use the link in the email or this link to sign into SharpCloud: <https://my.sharpcloud.com/html/#/signin>



## IT BUDGET REQUEST – FORM A



## WHO TO CONTACT

The Biennium and Supplemental Budget requests processing is managed by the Department of Budget and Finance (B&F). ETS assists B&F by reviewing Information Technology (IT) related budget requests.

Departments will coordinate with the ETS ITG Analyst assigned to it for IT spend requests. The names and email addresses for the current ITG Manager and Roadmap Lead are in the IT Spend Request section of this document.

As requested, budget request documentation (B&F Form A & any other supporting information) should be sent to the [ETS.ITG@hawaii.gov](mailto:ETS.ITG@hawaii.gov) email address. The email subject line should be prefaced with the text "Form A", the name of the Department", and a brief description of the IT request.

## PROCESS

Guidance for FY2019 supplemental year IT related budget requests is given in an August 11, 2017 memorandum from the Director of Finance and Chief Information Officer: *Guidelines for Submitting Information Technology and Information Resource Management Roadmaps and Potential Budget Requests for Review for the FY 19 Supplemental Budget*. In addition to the B&F Form A budget request form, the following information must also be provided to ETS.

- IT Roadmaps
- List of potential IT/IRM budget requests

As part of the budget review cycle, all IT-related Form A requests are forwarded from B&F to the CIO for review. The CIO then reviews each IT budget request and provides an "endorsed" or "not endorsed" recommendation to B&F, based on the following analysis:

- Is it adequately described?
- Does it address essential Departmental and/or State needs?
- Is it consistent with IT industry best practices?
- Is it already available or readily attainable via existing programs, services or products?
- Is it reasonable in cost?

The budget request cycle is determined by B&F. Departments generally submit budget requests starting in August or September. CIO reviews the IT related requests by the end of October. B&F then prepares a budget for the Governor to consider in December.

The ETS ITG analyst assigned to work with a department may contact the primary contact for an IT budget request to collect additional information.

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#### B&F FINANCE MEMORANDUM 17-12: FY 19 SUPPLEMENTAL BUDGET POLICIES AND GUIDELINES

Provides guidance for the FY 19 Supplemental Budget and defines ETS' responsibilities related to IT budget requests.

“All department IT and IRM roadmaps must be updated and budget requests shall be submitted to the CIO as part of the budget submission and review process in compliance with Administrative Directive No. 15-02, dated December 10, 2015, and Act 58, SLH 2016, Section 3 (Sections 27-43(a)(4) and (5), HRS), effective July 2, 2016, and must obtain CIO approval in conjunction with B&F's recommendation and the Governor's approval.”

<http://budget.hawaii.gov/statewide-policies/financememorandums/fm-2017/>

#### RESOURCES

The B&F and ETS forms are found here:

<http://budget.hawaii.gov/budget/budget-forms/>

<http://ets.hawaii.gov/governance/it-governance-forms/>

<http://budget.hawaii.gov/statewide-policies/financememorandums/fm-2017/>

<http://budget.hawaii.gov/statewide-policies/executivememorandums/em-2017/>

## INDEPENDENT VERIFICATION & VALIDATION (IV&V)



## WHO TO CONTACT

A Department's IT Coordinator or project lead will be notified by the State CIO or a designated ETS representative (ITG Manager or ITG Analyst) if a project is identified as one requiring IV&V.

## PROCESS

### WHAT IS IV&V?

*Independent verification and validation (IV&V) involves V&V done by a third-party organization not involved in the development of the product. Thus, the product, such as a software, gets examined by third party. The main check performed is whether user requirements are met alongside ensuring that the product is structurally sound and built to the required specifications.<sup>2</sup>*

The State of Hawaii's approach to IV&V also encompasses evaluating additional implementation activities of the project, such as planning, project management, configuration management, communications, testing, roll-out, etc.

### WHAT IS ETS' ROLE?

SB850 HD2 [2017] *Requires the Chief Information Officer to identify the information technology projects of the executive branch, including DOE and UH, that shall be subject to independent verification and validation.*

[http://capitol.hawaii.gov/measure\\_indiv.aspx?billtype=SB&billnumber=850&year=2017](http://capitol.hawaii.gov/measure_indiv.aspx?billtype=SB&billnumber=850&year=2017)

Additional duties of the chief information officer relating to independent verification and validation of information technology projects of the executive branch.

(a) The chief information officer shall identify the information technology projects of the executive branch, including those of the department of education and the University of Hawaii, that shall be subject to independent verification and validation.

(b) If the chief information officer identifies an information technology project for independent verification and validation, the sponsoring department or agency shall cooperate with the chief information officer and the independent verification and validation contractor during the independent verification and validation process.

<sup>2</sup> Techopedia. <https://www.techopedia.com/definition/24836/independent-verification-and-validation--iv&v>

(c) The chief information officer shall require all independent verification and validation reports to be submitted to the chief information officer.

(d) The chief information officer shall submit each independent verification and validation report to the legislature within ten days of receiving the report.

(e) As used in this section, “independent verification and validation of an information technology project” means a rigorous independent process that evaluates the correctness and quality of the business product of the project to ensure that the product is being developed in accordance with customer requirements and well-engineered.”

IV&V planning should be part of the Budget Request (Form A) process to ensure the availability of funds for both the IV&V as well as the budgeted project itself. At the start of each budget preparation cycle, the CIO, in consult with the CIO’s from UH and DOE, will identify potential projects that may require IV&V activities to accompany them throughout implementation, based on the following factors:

1. Projects that have statutory or regulatory mandates
2. Projects to accomplish critical state and/or department priorities
3. Projects that are new implementations, replacements, or complete system redesigns
4. Projects that are highly complex, broad in functionality, require significant organizational change management, or support a large stakeholder base
5. Projects that have histories of difficult and challenging system implementations.

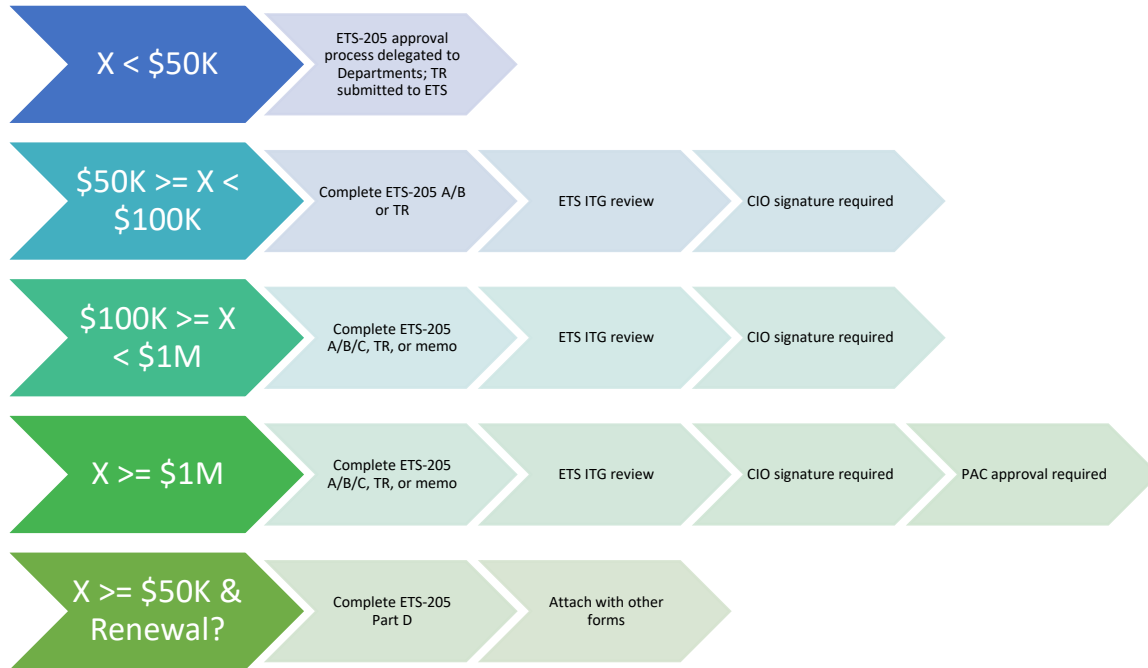
Procurement of the IV&V vendor shall be separate from the project’s procurement. Departments shall submit draft RFPs for IV&V activities to the CIO for review before publishing. Additionally, all IV&V reports shall be submitted to the CIO at the same time they are provided to Department management.

## RESOURCES

ETS will publish IV&V assessment reports when they are submitted to the Legislature, here:

<http://ets.hawaii.gov/report/independent-verification-and-validation-reports/>

IT SPEND REQUEST APPROVAL



WHO TO CONTACT

Each Executive Branch Department has an ETS ITG analyst assigned to work with for processing IT spend requests.

ITG ANALYSTS WITH DEPARTMENTS ASSIGNED FOR IT SPEND REQUEST REVIEWS

**Al Bonilla**      **Alfredo.F.Bonilla@hawaii.gov**

- ATG
- B&F
- DHHL
- DHRD
- DLIR
- DOD
- DOT
- TAX

**Todd Ogasawara**      **Todd.H.Ogasawara@hawaii.gov**

- DCCA
- DHS
- DOH
- HDOA
- PSD

**Gail Watkins**      **Gail.M.Watkins@hawaii.gov**

DAGS  
DBEDT  
DLNR  
GOV/LEG

**Uday Kari**      **Uday.Kari@hawaii.gov**

ETS  
OHA

The ETS Telecommunications Services Branch (TSB) receives and processes telecommunications requests.

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#### PROJECT ADVISORY COUNCIL (PAC)

IT spend requests of \$1,000,000 or more must be reviewed and approved by the PAC. The PAC voting members are the State CIO, the Department of General Services (DAGS) Comptroller, the Director of Finance (B&F), and the Director of Human Resources Development (DHRD). Other non-voting members include the Deputy Attorney General (Deputy AG) assigned to work with ETS, and other ETS staff.

#### PROCESS

IT spend requests can be made using the following instruments:

1. **ETS-205 Form Parts A & B** (previously issued as the T-205 [pre-2004] and ICSD-205 [2004-2016]).  
Note: The previous forms (T-205 and ICSD-205) only allowed requests for hardware and software. The current ETS-205 Form also allows requests for services.
2. **Telecommunications Request Form (TR) – designated ICSD-001.**  
Note: This form is used to request telephones and telephone systems, radios, video, and network hardware and services.
3. **Spend Request Memorandum**  
In general, a memorandum is used for spend requests that require signatures beyond that of the submitting Department's Director and the State CIO. For example, if the request requires the signature of the Director of Finance and the Governor.

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#### B&F EXECUTIVE MEMORANDUM 17-04: FY 18 BUDGET EXECUTION POLICIES AND INSTRUCTIONS

Executive Memorandum 17-04 (EM 17-04) provides guidance for Fiscal year 2018 and defines ETS' responsibilities related to IT spend requests.

<http://budget.hawaii.gov/statewide-policies/executivememorandums/em-2017/>

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**18. Information Systems Technology (IT) and Telecommunication (TC) Services, Facilities and Resources.** All IT and TC services, facilities, and resources are functions of the ETS under the authority of the State Chief Information Officer (CIO).

- a. ETS shall have general supervision, oversight and control over the acquisition and utilization of IT and TC facilities and resources within the Executive Branch and may grant exemptions.
- b. Applicable statutory provisions, such as Chapters 76 and 103D, HRS, shall be observed by departments and agencies, as applicable.
- c. All Telecom Requests (Form ICSD-001), regardless of estimated costs, shall be submitted to the Telecommunications Services Branch (TSB) of ETS for technical review and approval before work can commence.
- d. All IT and TC acquisition requests with estimated costs of **\$50,000 or more** (hardware, software, projects, maintenance contracts, renewals, consultant services, telecommunication services, IT facilities, other IT products or IT services, etc.) **require the approval of the CIO or the CIO's designee**. All requests must be a part of or in support of the requesting department's IT Roadmap submitted to ETS. ETS requires at least two work weeks advance time to complete its review and recommendation.

Departments must submit the following forms and documentation regarding the proposed IT or TC expenditure to ETS, as appropriate, regardless of procurement method, MOF, type of cost (operating or CIP), budgeted or unbudgeted:

- IT acquisition requests - Form T205, plus supporting documentation as required.
- Telecommunication requests - Form ICSD-001 (Telecom Request), plus supporting documentation as required.

Documents may be transmitted electronically to ETS at [ETS.ITG@hawaii.gov](mailto:ETS.ITG@hawaii.gov).

- e. IT and TC acquisition requests that meet the following criteria require additional review and approval by the Project Advisory Council (PAC) which meets once a month (A.D. No. 15-02, dated December 10, 2015, *Program Governance Requirements for Act 119 and Enterprise Information Technology Projects* (<http://ets.hawaii.gov/wp-content/uploads/2015/12/AD-15-02.pdf>):
    - All development and modernization projects specifically identified in legislation or budget bills that require additional oversight;
    - All projects that require technology resources estimated at \$1,000,000 or greater; or
    - Enterprise projects identified by the CIO, typically those that will leverage business and operational efficiencies and benefits for multiple departments or agencies.
  - f. Authority to approve all IT or TC acquisitions with estimated costs that are **less than \$50,000** is delegated to department heads and will not require CIO approval.
  - g. After the fiscal year has closed, departments shall submit reports to the CIO detailing all IT and TC purchases and payments made for the fiscal year.
- 

All IT spend requests must be submitted to ETS. However, the review and approval process differs depending on the amount of the request.

IT spend requests can be submitted at any time.

Requests that require review may take up to two weeks for review and processing. Requests that have an issue identified may take longer than two weeks. Best efforts shall be made to submit requests before two weeks preceding the end of the fiscal year.

Requests of \$1M or more need the review and approval by the PAC. The PAC generally meets on the third Friday of each month. Requests that require a PAC review should be submitted no later than two weeks prior to a PAC meeting.

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## RETURN ON INVESTMENT (ROI)

All IT programs, projects, and investments will be evaluated and monitored to ensure they achieve intended objectives and provide return on investment (ROI) for the people of Hawai'i. Thus, every spend request should include some form of ROI. The four major categories of quantifiable ROI benefits that can be used are:

1. Cost Reduction, e.g.:
  - a. Spent less this year vs. last year for same product or service
  - b. Reduced price or cost from current estimate or quote (incl. discounts, waived fees)
  - c. Basket of goods/services increase for same amount of money
2. Cost Avoidance, e.g.:
  - a. Cost difference between proposed purchase and alternative course of action (difference in Total Cost of Ownership)
  - b. Price increase caps on multi-year agreements
  - c. Deferred purchases
3. Productivity Increase, e.g.:
  - a. Quantifiable increase in output (i.e., number of application forms completed)
  - b. Quantifiable decrease in time required to process (i.e., reduction in minutes per form processing time)
4. Revenue Increase, e.g.:
  - a. Revenue stream is generated or increased

The value of an IT project may also be expressed in non-quantifiable terms. Therefore, a *Public ROI* which provides a text description of value a project provides to the public or to a more efficient process can be added.

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## IT SPEND REQUESTS LESS THAN \$50,000

Requests in this category are not reviewed by ETS except under special circumstances such as a legislative request. Department **ETS-205 or other supporting documents do not need to be sent to ETS for filing**. However, all ICSD-011 Telecommunication Request (TR) forms must still be submitted to the ETS Telecommunications Services Branch (TSB).

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## IT SPEND REQUESTS BETWEEN \$50,000 AND \$99,999

Requests in this category are reviewed by the ETS ITG Analyst assigned to a Department. These requests do not require a ETS-205 Form C to be completed. The Project Lead and Department IT lead may be asked to meet with the State CIO for clarification of a request. Requests in this category require signature approval by the State CIO.

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## IT SPEND REQUESTS BETWEEN \$100,000 AND \$999,999



Requests in this category are reviewed by the ETS ITG Analyst assigned to a Department. Requests of \$100,000 or more require that the detailed ETS-205 Part C be completed and submitted with an ETS-205 Part A & B spend request or Telecommunications Request (TR) form. The Project Lead and Department IT lead may be asked to meet with the State CIO for clarification of a request. Requests in this category require signature approval by the State CIO.

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#### IT SPEND REQUESTS OF \$1,000,000 OR MORE

Requests are reviewed by the ETS ITG Analyst assigned to a Department. In addition to the completed detailed ETS-205 Form C, all requests of \$1M or more must be reviewed and approved by the PAC. This requirement for PAC review includes:

- A spend of \$1M or more in a single year,
- A multi-year total spend of \$1M or more; for example, a request for a 3-year contract term that has spends of \$350,000 each year would have a total spend of \$1,050,000,
- Where a spend request was initially approved by the CIO for less than \$1M and is later found to require more than \$1M; for example, actual vendor quotes or proposal costs came in at \$1M or higher, or
- Any proposed modification to a contract based on a request that was previously approved by the PAC, which would increase total contract amount.

In addition to the spend request documents, Departments shall format their spend request presentations using a PAC presentation template (MS PowerPoint), to be provided by ETS.

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#### IT SPEND REQUESTS OF \$5,000,000 OR MORE

Any spend request of \$5,000,000 or more must have a Project Management Office with a charter created for it.

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#### MAINTENANCE OR SUPPORT RENEWALS FOR ANY OF THE SPEND REQUEST CATEGORIES ABOVE

Unless already specified in the terms of an existing multi-year contract, the cost of a renewal of a service or product license must not exceed 5% or the current rate of inflation – whichever is lower. The ETS basis for U.S. inflation is derived from the U.S. Bureau of Labor Statistics CPI (Consumer Price Index)-All Urban Consumers data found at:

<https://data.bls.gov/timeseries/CUUR0000SA0>

Current inflation =  $100 \times (\text{Current month CPI} - \text{CPI of month in previous year}) / \text{CPI of month in previous year}$

**Example:**

CPI Aug. 2017 = 245.519

CPI Aug. 2016 = 240.849

$1.9389 = 100 \times (245.519 - 240.849) / 240.849$

Current inflation = 1.94%

If a spend request is for a new purchase that replaces a soon-to-expire license, a renewal worksheet (ETS-205 Renewal Worksheet) or the including the renewal information in ETS-205 Part C is necessary. If an ETS-205 Part C is

required as part of the renewal process, that form should include price information for the previous license period. The following information is required for license/service renewal.

1. SKU Description
2. Previous Quantity
3. Previous Per Unit Extended Price
4. Current Quantity
5. Current Per Unit Extended Price
6. Justification for Per Unit price increase

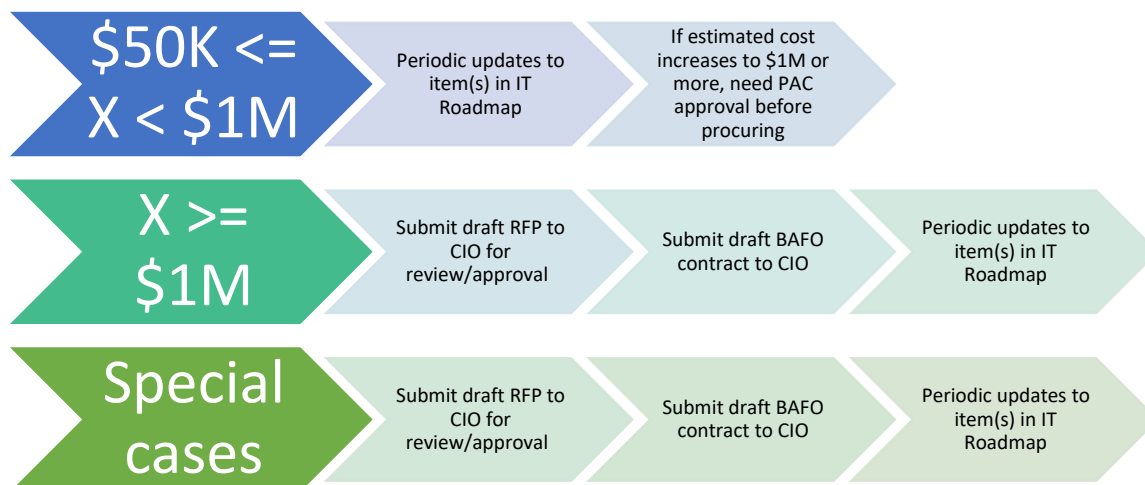
EM 17-04 18.g specifies that: *After the fiscal year has closed, departments shall submit reports to the CIO detailing all IT and TC purchases and payments made for the fiscal year.* The report form is available at the ETS IT spend request forms site.

## RESOURCES

The various ETS IT spend request forms and instructions are found here:

<http://ets.hawaii.gov/governance/it-governance-forms/>

## IT SPEND REQUEST FOLLOW-UP



After an IT Spend Request is approved, follow-up information needs to be given to ETS, and related items in the Department IT Roadmap must be updated when status changes.

## WHO TO CONTACT

Departments will be contacted by the ETS ITG Analyst assigned to them for follow-up information.

## PROCESS

#### THE NATURE OF THE FOLLOW-UP DEPENDS ON THE AMOUNT OF THE IT SPEND REQUEST. IT SPENDS THAT ARE \$50K OR LARGER

The ETS ITG Analyst assigned to a Department will work with that department to ensure information for individual spend requests is updated in the corresponding items in the IT Roadmap. Updates are done periodically on an as-needed basis.

#### IT SPENDS THAT ARE \$1,000,000 OR LARGER OR IDENTIFIED BY THE LEGISLATURE

Large IT spends and projects specifically identified by the Legislature for special review are required to provide additional documents/artifacts to the CIO as part of the gated review process, per AD 15-02:

- Draft RFP must be submitted to CIO for review and approval before proceeding
- Draft "best and final" (BAFO) contract must be submitted to CIO
- Status review meetings with the PAC may also be requested.

RELATED GUIDANCE AND BEST PRACTICES

*Lean Government helps improve the speed and quality of processes by eliminating wastes such as document errors, unnecessary process steps, and waiting time.*<sup>3</sup>

GUIDANCE FOR PURCHASING IT PRODUCTS AND SERVICES

The State Procurement Office (SPO) provides a web-based *State of Hawaii Procurement Wizard* available at:

<http://spo.hawaii.gov/faqs/#tabs-6>

It is the official guide to the Executive Branch and other jurisdictions on the procurement process for goods, services, and construction.



SPO STATEWIDE PRICE AND VENDOR LISTS

The SPO procures and manages price list and vendor list contracts on behalf of Executive branch agencies, and any of the other twenty chief procurement officer (CPO) jurisdictions, including the Judiciary and the Legislative branches and the counties that commit to participate in the contracts issued by the SPO.

Participating jurisdictions and agencies benefit by obtaining price discounts and other leveraged concessions through volume purchases. In addition there are the efficiency savings – the administrative, procurement and contract management realized by each agency or jurisdiction, rather than having to solicit individual contracts,

<sup>3</sup> Source: <https://www.epa.gov/lean/lean-government>

resulting in multiple contracts for the same commodity or service. Instead these processes are managed by the SPO, and all participating jurisdictions and agencies are the beneficiaries of cooperative purchasing.

The following is a list of IT-related price and vendor lists managed by SPO:

- Administrative Correspondence and Business Process Management System
- Internet Portal Manager and Service Provider
- NASPO ValuePoint Cloud Solutions
- NASPO Valuepoint Computer Equipment Including Related Peripherals & Services
- NASPO ValuePoint Copiers, Printers & Related Devices
- NASPO ValuePoint Data Communications Products & Services
- NASPO Valuepoint Software Value Added Reseller
- NASPO ValuePoint Wireless Communication & Equipment
- Network and Telecommunications Services, Furnish, Deliver, Install, and Manage
- Open Data Portal Platform - Optional Services

For more information on the lists above, see:

<http://spo.hawaii.gov/for-vendors/contract-awards/price-vendor-lists/>

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## HIEPRO

HiePRO is required for small purchase requests for quotes for goods, services and construction from \$15,000 and above pursuant to HRS Chapter 103D, for the executive branch, the Judiciary and Hawaii Health Systems Corporation. Some agencies are also using HiePRO for Invitation for Bids. The State Procurement Office (SPO) conducts all solicitations on HiePRO including Invitation for Bids (IFBs) and Requests for Proposals (RFPs).<sup>4</sup>

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## GSA IT SCHEDULE 70

The GSA (General Services Administration) IT Schedule 70, General Purpose Commercial Information Technology Equipment, Software, and Services, may be used for IT SERVICES ONLY. More information and procedures to use the GSA IT Schedule 70 is available in this document.

<https://spo.hawaii.gov/wp-content/uploads/2016/12/2017-06-GSA-IT-Services.pdf>

*Departments are not permitted to purchase from a GSA contract if there is another active SPO statewide contract for that service. If a department believes it can negotiate better value using the GSA contract, it must include an analysis and justification in written notification to the attention of the CIO. The CIO may negotiate with existing statewide contractors to “meet or beat” the other contract terms, if possible. If CIO determines that “best value” for a department can only be obtained through the GSA contract, it may recommend approval, in writing, on a case by case basis.*

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<sup>4</sup> Ref: HiePRO FAQs. <http://spo.hawaii.gov/faqs/#tabs-6>

## PROJECT GENERAL GUIDELINES

1. Each project should have well defined tenants
  - a. Collaboration
  - b. Prepare for in-flight requirements changes
  - c. Ensure that Statements of Work and project deliverables are considered as firm commitments
  - d. Satisfy the project sponsors
2. Define project metrics and define a measure for success based on these metrics
3. Provide for an Organizational Change Management (OCM) framework to deal with the human aspects of change management
4. Rethink processes before launching a project (Business Processing Reengineering)
5. Identify past contract and vendor management issues and address them
6. Identify and address lack of IT resources and skill sets
7. Perform a Fit-Gap analysis to identify how current or new software meets business requirements
8. Provide management training for technical, human interaction, and conceptual skills

## IT RELATED RFP BEST PRACTICES

This guideline provides recommended Best Practices for IT related Requests for Proposals.

1. Define the results required to address the business problem
2. Define what a successful outcome looks like
3. Contact ETS to discuss business problem and technical approach
4. Contact other State of Hawaii departments and other States to learn from their approaches and experiences
5. Requirements should be unambiguous, meaningful, measurable, and complete.
6. Include provisions for evolving requirements and environment.
  - a. Provide for processes to deal with a rapidly changing technology base.
7. Requirements should not include the solution or any unnecessary characteristics.
8. Include the following requirements for IT related RFPs
  - a. Services
  - b. Development/customization
  - c. Deliverables
    - i. List
    - ii. Metrics for accepting deliverables
  - d. Support
    - i. Documentation
    - ii. Training
      1. Knowledge transfer to government staff
    - iii. Service Level Agreement (SLA)
9. RFP evaluation panel
  - a. Score point matrix based on requirements
  - b. Each panelist should surface one positive and one negative for each RFP for group discussion

## RFP GUIDELINES BASED ON STATE PROCUREMENT OFFICE (SPO) REQUIREMENTS

See the State Procurement Office's website for the Competitive Sealed Proposal (RFP) process:

<http://spo.hawaii.gov/procurement-wizard/manual/csp/>

## GUIDELINES FOR CONTRACTING WITH IT VENDORS

Guidelines are based on "Best Practices for Contracting with Software and System Vendors" by Rich Wyde, Esq.

<http://www.richwyde.com/publications.php>

1. Define software ownership or license rights
2. Define acceptance testing
  - a. Modular testing
  - b. System testing including response time requirements
  - c. Interoperability testing
3. Only pay for operational and acceptable deliverables
4. Define pricing/uplift for contract and option years.
5. Define objective specifications
6. Identify technical standards, statutes, and business processes that must be addressed by an acceptable system delivery.
7. If required, define the conversion of legacy data as a separate deliverable.
8. Define system availability requirements.
9. Acceptance and warranty standards should not include hedges.
  - a. Define remedies for breach of warranty
10. Systems must be tested for security issues by ETS prior to delivery acceptance.
  - a. The software must be free of "backdoor" access.
11. Define a firm schedule for vendor deliverables and other obligations.
12. Define terms of maintenance services
  - a. Define what constitutes minor and major modifications
13. Describe possible remedies
  - a. Liquidated damages
  - b. Performance bonds
  - c. Withholding payments
  - d. Setoff
  - e. Free hardware for performance failures
  - f. Termination for default
  - g. Termination for convenience
  - h. Software Escrow
  - i. Guarantee
  - j. Letter of Credit
14. Determine special provisions such as installation location environmental requirements.
15. Negotiate with knowledge of the current spend guidance from the Governor, Director of Finance, and State CIO.
  - a. Consult with ETS for current status of enterprise licensing and other product acquisition agreements.

CONTACT INFORMATION

The contact information in this document is current as of October 2017.

Spend requests and budget requests (Form A) should be emailed to: **ETS.ITG@hawaii.gov**

Telecommunications Requests (ICSD-001) should be emailed to: **ETS.TSB.TRS@hawaii.gov**