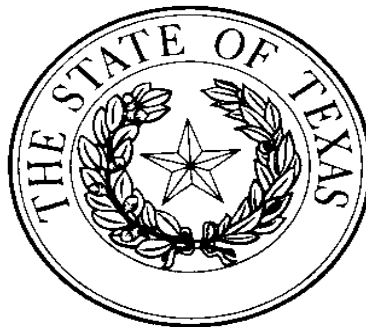# 2012 NASPO Cronin Award Nomination:

TEX-AN Next Generation Procurement

Contact:

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This nomination is NOT a resubmission

Executive Summary

The Communications Technology Services Division (CTS) of the Texas Department of Information Resources (DIR) manages the statewide communications network infrastructure which supports the telecommunication needs of more than 700 customers, including state and local government agencies.

The State of Texas has extensive public service and business requirements that must be met in order to deliver timely and innovative solutions to its customers. With the increasing use of new technologies, the need for increased bandwidth continues to grow. The state's ongoing data requirements are compounded by use of the internet, social media, and mobile devices. In addition, the demand for public services is growing at a time when state and local governments face tough budgetary challenges. Of equal importance is the need to integrate accountability and transparency into service performance and delivery. DIR strives to deploy technology solutions to meet state agencies' core missions to serve Texas citizens.

While the legacy telecommunications contracts and service delivery model included sufficient services and procedures to meet service expectations, they lacked efficiency, scalability and the sophistication to provide service transparency, the agility to quickly adopt new technologies, and the competitive environment needed to significantly reduce cost, all key DIR objectives.

In August 2010, DIR published a request for offer (RFO) for telecommunications services, resulting in multiple contract awards that established:
- Expanded services
- Competition and cost savings
- Enterprise pricing for the State of Texas
- Flexible contracts vehicles to leverage new technologies
- Consistent operation and service level agreements
- New terms and conditions aimed at increasing transparency into service performance

These new contracts required an automated system to effectively support back office delivery of services such as quotes, orders, billing, change management and help desk support. In order to support this transformation, the agency implemented a cloud-based Remedy software solution. This solution supports all telecommunications service delivery functions, creating a 'from quote to care' business model. The software solution was further enhanced by working with strategic partners to develop and integrate additional cloud based customer self-service tools.

Through this program of service enhancements, DIR was able to provide improved services and significant savings to its customers while enabling efficient and scalable back office operations solutions. DIR customers are leveraging new technologies and experiencing savings of more than **$14 million annually** while service delivery processes are now integrated and automated with dynamic reporting capabilities. Order production volume has more than doubled without quality degradation, and adoption of the customer self-service tools is steadily growing.

Innovations

Strategy**:** DIR's IT infrastructure strategy team developed a long term approach to support the TEX-AN NG program that included cloud computing to obtain efficiencies and optimization in both services and delivery. A comprehensive, scalable systems solution was required to support the growing technology needs of customers, provide valuable analysis and reporting capabilities, and ensure service transparency.

Procurement Approach: After a previous attempt to develop and release a comprehensive, prescriptive Request for Offer (RFO), DIR adjusted its approach and focused on developing a simplified document with overarching, simplified requirements statements allowing vendors to respond with narratives defining how their current best practices could be incorporated into the DIR strategy. This resulted in the release of an outcome-oriented procurement promoting full and open competition, seeking responses from a wide variety of potential large and niche vendors. This innovative approach to procurement allowed the responding vendors with significant flexibility to design and provide their own solutions based on their best practices.

Detailed management plans (See list in Attachment 1) to address key operational functions were required as part of the response to ensure consistent delivery of services.

DIR recognized that communications technologies and services are rapidly evolving and wanted to ensure that all services under the TEX-AN NG program remain up-to-date with commercial equivalents. Emerging technologies was added to the RFO as an additional service category. Under this service category, vendors provided new technologies within the scope of services requested and language was included in the contract to allow for the inclusion of the emerging technology when commercially available.

Negotiation: A three prong approach was utilized during negotiation. In addition to the review of legal terms and conditions conducted by the Contracts Administrator; a cross-functional team was assembled to address key functional areas of operation addressed in the management plans, and a separate team negotiated enterprise wide pricing to aggregate volume for the benefit of Texas customers. Vendors were provided with a template outlining all business area issues and/or clarifications based on the vendor's response to the RFO. Management plans were updated with clarifications and information obtained throughout the business operations negotiations sessions and these plans were included as exhibits to the contract.

Contract Terms and Conditions:

Agreement

The Customer Telecommunications Services Agreement (CTSA) was drafted as a template agreement which included specific exhibits and attachments. These exhibits and attachments were designed to be modified quickly, providing DIR with the agility needed to accommodate rapid changes when necessary. The business decision process of selecting services and providers was also greatly

simplified for customers who could now quickly review provider terms without spending valuable time reviewing multiple contracts.

<u>Service Delivery</u>

Service delivery was an integral part of the CTSA. Standard language was developed and included in management plans addressing key operations functions and intervals including installation timeframes and service terms to ensure consistent service delivery. Additionally, incentives for adoption of newer technologies were included in all of the data services contracts. Standard definitions for key performance indicators (KPIs) including Mean Time to Repair (MTTR), availability, and latency were provided to vendors for incorporation into Service Level Agreements (SLAs) for each service. Each SLA also included remedies for chronic service issues making it easier for DIR and our customers to obtain service credits for missed performance targets and providing vendors with additional incentives to quickly implement and meet performance improvement plan goals.

Transferability

With the use of template agreements and standard language related to service delivery management, DIR's consolidated approach to this procurement could be replicated by any public services agency for efficient, large scale telecommunications services procurement.

Service Improvement

Throughout the procurement process, concurrent efforts were made to evolve the service delivery model to support the TEX-AN NG environment and increase transparency into service performance by introducing new and innovative technologies. Legacy DIR service delivery processes relied heavily on service providers for not only order completion and incident repair but also for analysis and reporting. Communications were handled by accessing provider systems or through emails and phone calls. The main billing process required posting of invoices to a file transfer protocol (FTP) site which was then accessed by the customers' staff. The invoice format did not allow data analysis without manually exporting data into another program.

DIR implemented several systems to solve these problems and align with the procurement solution. These systems work together to provide service delivery automation and increase transparency into service performance.

<u>Automated Service Delivery</u>

Implementation of the cloud-based Remedy software was the core solution to automate the processes for ordering, billing, and managing telecommunications services. This provided additional functionality 'from quote to care' and formed the basis for a scalable multi-vendor solution.

<u>Service Catalog</u>

DIR also required a more efficient method for customers to review available services. An online services catalog was developed to allow customers to quickly shop by service category or by vendor

to compare contracted offerings, associated Service Level Agreements (SLAs), Operational Level Agreements (OLAs), term commitments, pricing, and geographic availabilities. Customers can also download or print all catalog information for easy comparison.

<u>Customer Command and Control "C3"</u>

Additionally, DIR created a customer portal: Customer Command and Control (C3). With C3, customers can view their specific services and perform management analytics for expenditures, usage, and account activity. This tool interfaces with the Remedy software solution to collect, integrate, share, and analyze data. C3 not only allows DIR access to analytics that can be used to enhance services but it provides customers with transparency into business processes with valuable data.

<u>Empowering the Agency and the Customer</u>

The services catalog and C3 tools allow DIR to quickly deliver information about new and existing services, data about a customer's telecommunications profile, and vendor performance metrics. These tools also provide detailed invoice data and allow customers to perform analytics in a variety of ways to effectively manage their telecommunications expenditures. Since the launch of the services catalog, the site has had over 2,500 visits and over 10,000 page views.

By implementing the cloud-based Remedy software solution, DIR was able to realize quicker returns on "out of the box" investments with <u>zero</u> infrastructure costs, increased operational capabilities, ease of scalability, and access to advanced services. This system supports expanded services such as the services catalog and C3 while providing metrics and analytics to promote continuous service delivery improvements. Integration through the cloud allows data to be quickly packaged and presented to customers via online self-service tools to help them manage their technology requirements for all related areas of business operations.

Cost Reduction

Each year more than $70 million is spent by state and local government agencies, public education (K-12 and higher education), and assistance organizations on telecommunication services through DIR. The demand for telecommunication services is growing for these customers while they continue to face tough budgetary challenges.

The business value resulting from the procurement awards enabled increased competition and provided an immediate savings of more than **$14 million annually**. This was a direct and immediate savings to customers in a time when they are challenged to stretch every dollar.

Technology brings improved redundancy, resiliency, and scalability previously unavailable without substantial additional cost. With the transformed service delivery structure and enhanced technology solutions, DIR can offer additional cost savings and increased efficiencies to customers, with new levels of optimization and flexibility for all business areas. As a result of the successful procurement,

DIR now provides these benefits to customers so they are no longer limited by service options but empowered by them.

With the suite of available contracts, the service offerings have expanded to include more efficient and reliable transport technologies like Ethernet and Multiprotocol Label Switching (MPLS) as well as other cloud-based services. Further benefits from increased network optimization with circuit consolidation and additional savings are being seen by customers. There are also soft benefits from this new flexibility for the state's workforce with options like teleworking and true mobility.

The telecommunications procurement also added data management benefits and resource efficiencies. The integration and automation of the service delivery process also enabled enhanced reporting capabilities. DIR's order production volume has more than doubled without quality degradation as implementation processes have become more consistent.

Conclusion

With the success of DIR's telecommunications procurement, advanced technology services are now available to meet the growing data needs of the state at competitive prices. DIR is now well positioned to adopt new technologies quickly as they become available. The implementation of service delivery systems such as the Remedy software solution has evolved the DIR business structure to successfully support customers with efficiency and scalability.

Finally, integrated on-line tools such as C3 empower customers and increases transparency into service performance and delivery, raising the level of accountability, and fostering continuous improvements that benefit the citizens of Texas and serve DIR's core mission to provide statewide leadership of communications technology services.

The TEX-AN Next Generation Procurement was the catalyst for the evolution of the telecommunications service delivery model for the State of Texas. This was a highly strategic and tactical initiative involving coordination of multiple collateral projects and required cross-functional participation from all departments within the agency as well as collaboration with vendors and the customer community.

Attachment 1

Functional Business Area Management Plans included in the CTSA:

∗   Network to Network Interface
∗   Capacity Management
∗   Disaster Recovery
∗   Marketing
∗   Service Delivery
∗   Order Process Management
∗   Change Management
∗   Inventory Management
∗   Incident Management
∗   Billing/Cost Management
∗   Program Management

Attachment 2

Screenshots of Services Catalog: https://c3.dir.texas.gov/catalog

a) Landing Page
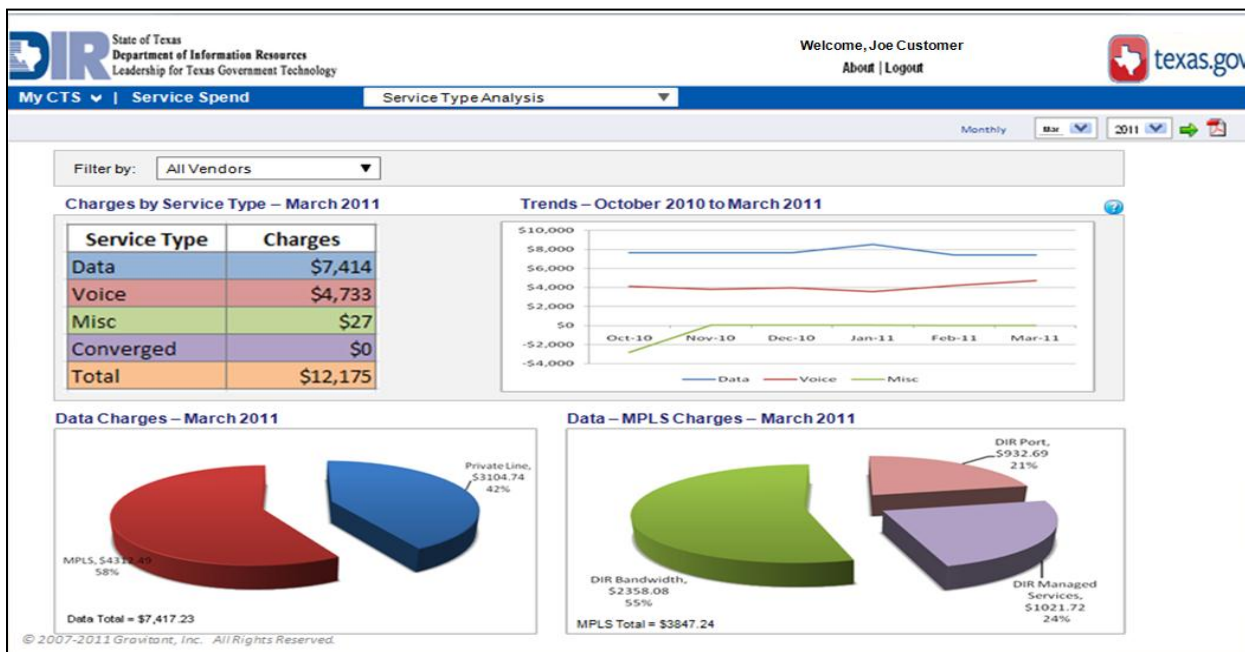

b) Service View

Attachment 3

Screenshots of Customer Command and Control (C3) Portal:
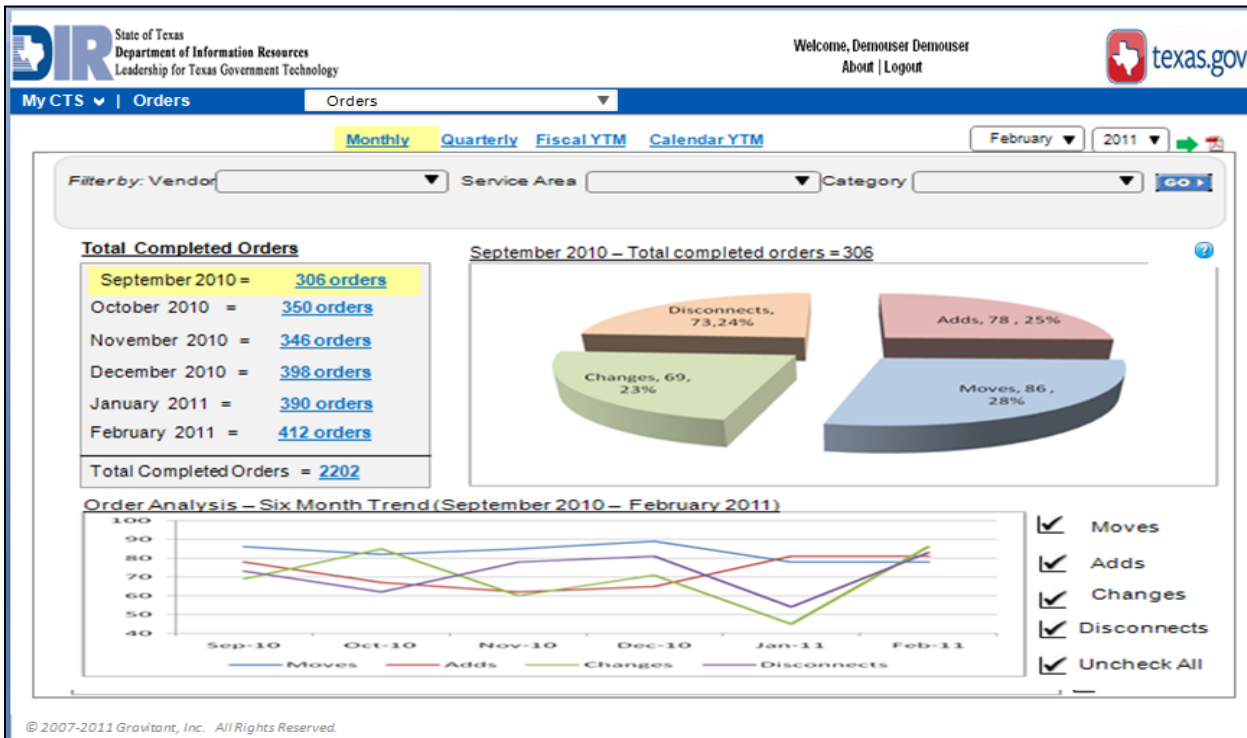
a) Total Charges Dashboard
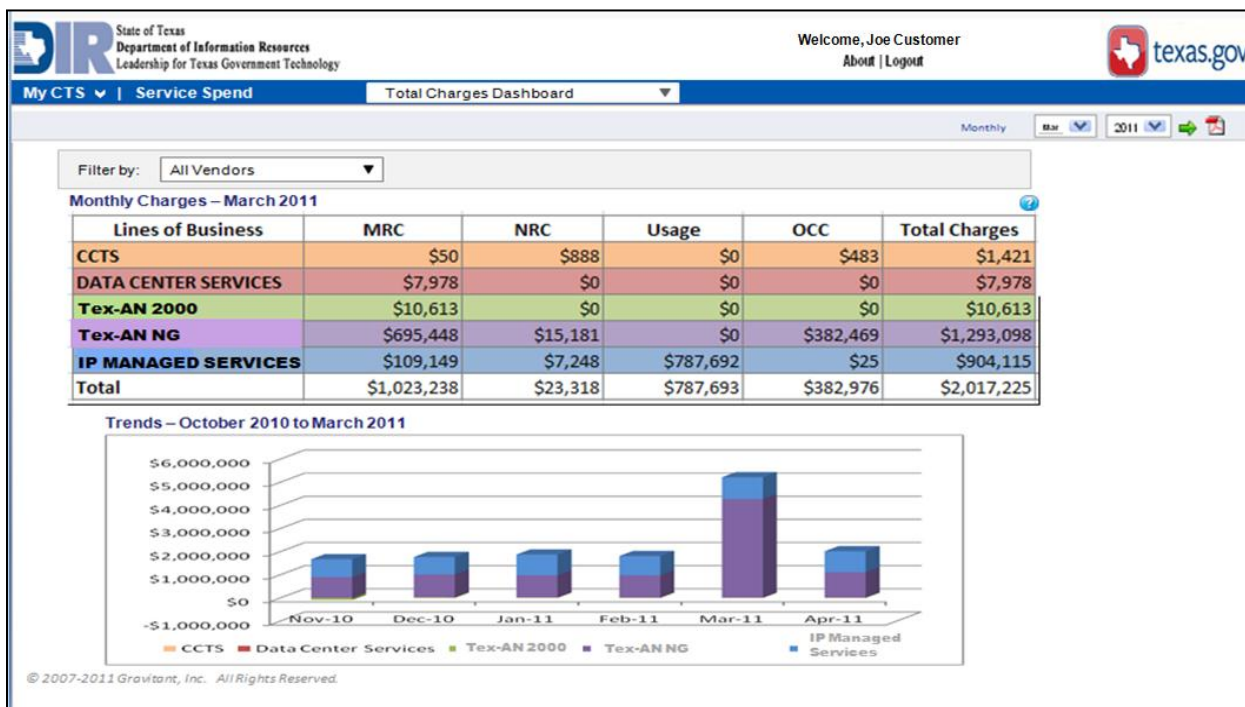
b) Service Type Analysis

c) Orders Dashboard

d) Incidents Dashboard