

Self-Funded Multi-Tenant Statewide eProcurement System  
Request for Response to Statement of Objectives

Department of the Treasury  
Office of Information Technology  
&  
Division of Purchase and Property

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## A. Project Objective

The purpose for this project is to provide a single point solution to modernize technology and processes used to support the State's procurement and purchasing functions.

Procurement is a strategic function that consists of the competitive actions required for the creation and administration of contracts. Purchasing, a more administrative function, is the actual buying of a good or service from established contracts, or the execution of independent small dollar purchases. Purchasing incorporates the requisition, purchase order, receiving and payment aspects of the process.

Currently, statewide procurement and purchasing business processes are managed through a variety of disparate systems, including a transactional legacy mainframe application that functions as the system of record, integrated with various other legacy applications and web based systems.

Having separate systems to process these functions presents many challenges, to the State including:

- Lack of effective control and visibility of the State's \$6 billion yearly spend
- Reduced competition and an inherently unlevel playing field
- Inefficient systems and business processes contributing to excessive procurement cycles
- Lack of true business intelligence focused on procurements across business areas
- Lack of ability to track statuses and measure productivity of procurement staff
- Duplicate and erroneous data across multiple platforms
- Lack of a unified, common repository for all procurement functions
- Reliance on legacy mainframe applications creating significant business continuity issues

A statewide single point solution is needed to:

- **Increase transparency and accountability on all purchases:** Consolidate all purchases in a single modern system that provides easy reporting and business intelligence to fully enable State management to see what is being purchased, by whom, and at what cost.
- **Improve customer service:** Provide a modern, web-based system to improve customer interaction with State agency users, local governments purchasing off of state contract, and the business community.
- **Improve cycle times:** A modern, web-based system to allow the State to advance from requisition to receipt of goods more quickly and effectively, reducing the time and cost it takes to process purchases and payments.
- **Reduce "maverick" spending:** Integrating contract management, purchasing processes, and reporting to allow management to identify where State agencies and employees are purchasing outside of established contracts and therefore spending money ineffectively.

- **Reduce the State's overall operating costs by providing a shared service for local governments:** Provide a single portal for purchasing that will generate savings not only among State agencies but also at the local level to effectively leverage the procurement power of New Jersey.

The Division of Purchase and Property (DPP) with the Office of Information Technology (OIT) is looking to replace the current procurement systems and procurement environment with a solution that will accommodate the needs of all State agencies, local entities and vendors who do business with New Jersey. DPP is open to a variety of business approaches from a Software-as-a-Service (SaaS) model to a traditional State hosted model. Furthermore, the State is open to fully outsource management of the solution, including vendor and end-user support, marketing and administration of cooperative agency usage, and training.

The State will fund this solution and outsourced management via a fully self-funded business model, based on implementing a nominal administrative fee for vendors selling to State and local agencies through State contract's. This model has been implemented by other state governments to fund central procurement activities.

Key Business Drivers:

- **Upgrade to modern technology with no direct cost to the State's general fund:** The solution funding will be solely based on a percentage of revenue collected through a new administrative fee on purchases made using State contracts. These fees will be paid by vendors. Vendors will accept the fee as the solution must provide an expanded customer base.
- **Speed to Solution:** The State is looking to maximize its return on investment by aggressively implementing all or parts of the solution in an expedited manner.
- **Combine all procurement functions into a single point solution:** The solution must provide the State with the functionality that is currently met through several different systems by providing a procurement environment that is tightly integrated with a common user look and feel.
- **Increase controls over contract spending and ensure contracts are negotiated at lower prices:** The solution must provide the State with control and insight into agency and local government spend.
- **Improve transparency and accountability:** The solution must increase transparency and accountability regarding all State purchases.
- **Improve IT economies of scale:** The State is looking to eliminate in-house mainframe costs and IT maintenance and by consolidating all procurement functions in a single system which will allow the State's purchasing function to focus on its core mission of procuring goods and services at the lowest possible cost, rather than managing technology systems.
- **Improve reporting of spend:** To provide the capabilities for better strategic sourcing for ongoing cost savings. The state needs more granular insight into spend data that will allow the State to make for effective decisions about purchases and drive cost and efficiency savings throughout State operations.

- **Increase efficiency:** The solution must allow the State to redesign the business environment that currently requires manual, paper-based processes.

## B. Problem Statement

The current IT infrastructure used by the State to manage purchasing activities includes a variety of systems, ranging from older mainframe-based technologies to custom-developed internet systems focused on specific needs. This results in a fragmented systems approach that contributes to reduced functionality for stakeholders, increased maintenance costs, inefficient business processes, and impaired data integrity.

The reliance on multiple systems, including systems relying on dated technologies, creates a number of problems that the solution must alleviate for the State, including but not limited to:

- Inability to Use Emerging Technology
  - Reliance on mainframe processing for core transactions
  - Inability for many users of procurement function (especially vendors and local governments) to access systems
  - Non-unified approach to web-enablement through home-grown web systems such as eRFP and coop agency contract listing
- Restrictions on E-Government/ Internet Commerce
  - Paper-intensive processes for vendor transactions
  - Lack of online Bid/RFX response capabilities
  - Multiple entry points and manual processes required for vendors to do business with the State
- Statewide Process Inefficiencies
  - Replicated tools, processes and data entry
  - Slow cycle times
  - Greater document management and storage costs
  - Disparate and inconsistent resource allocations
  - Disconnected contract systems
  - Reliance on paper communications with vendors
  - Manual entry of vendor data into State systems
- Management Obstacles
  - Lost opportunities to leverage volume through shared purchase
  - No feedback cycle to optimize current contracts and better determine need for future contracts
  - Lack of common interface and business processes for organizations doing business with the State
  - Difficulty in accurately reporting specific small business, minority, and woman-owned business purchases.
  - Inability to automate the multiple statutes, regulations, and executive order procurement requirements.
- IT Resource/Workforce Management

- Resources required to maintain mainframe environment are extremely costly
- Reliance on technologies that are being phased out
- OIT and Treasury technical staff must support myriad of systems, integrations, and databases

The existing procurement infrastructure contributes to elevated ongoing technical maintenance and support costs (including both hardware and personnel costs), while also constraining the ability for the State to reduce operating and purchasing costs. Further information shall be made available upon progress of the procurement.

## C. Requirements

### SCOPE

The Scope of the contract shall be limited to all products and services reasonably associated with the provision of a Statewide eProcurement System, including all initial assessments and analyses, implementation planning, implementation services, training, hosting services as applicable, ongoing maintenance and support, and further development or customization as desirable and applicable. The implementation may occur in Phases as to be determined later on in this process.

### Goals and Objectives:

- Replace legacy procurement system and related systems as applicable while not losing current functionality and introducing the ability to adopt learned best practices on an ongoing basis.
- Interface with Agency Appropriate Grant and Federal Fund Management Systems while enhancing Federal Reporting Compliance
- Maintain Security and Confidentiality. Minimize the threat of security breaches while maximizing the security of confidential information contained within the System.
- Capture Spend Data. Maximize the capture of spend data from all transactions occurring against the contracts and/or under purchase orders issued within the System.
- Provide for Scalability. Have the ability to capitalize on changing organizational and market environments by changing, scaling and expanding the capacity of the System.
- Maximize Value. More fully realize all the values of an enterprise eProcurement System while minimizing the expense and administrative burden on the State.
- Streamline the State's core purchasing and procurement processes, decreasing the cost of processing purchase orders and vastly improve the audit function.
- Standardize business processes and practices to conform to state statute, statewide policies, procedures, executive orders and initiatives.
- Eliminate administrative activities that add no value, such as redundant keying and reconciliation of data and improve real time information.
- Ensure that agencies are paying the correct prices for goods and services.
- Capture detailed purchasing spend information to effectively manage programs - information that has been hard to access, out-of-date, inaccurate or unavailable.
- Greatly enhance the ability to report statewide, geographic expenditures by goods and/or services, minority business indicators, procurement types, etc.
- Provide information more readily, as appropriate, to all state agencies, local governments, the general public, and the business community via a web-enabled system.
- Enable the State to more efficiently conduct business with its vendors and service providers through expansion of electronic commerce.
- Use the collective information of a statewide system and the State's massive purchasing power to get additional savings through negotiations and volume pricing.
- Automate the entire purchasing process; eliminate paper requisitions, solicitations, purchase orders, vouchers and payments along with the associated postage costs.
- Replace multiple standalone systems and eliminate multiple interfaces to NJCFS.
- Improve payment accuracy with 3-way match between purchase orders, receipts and costing.
- System must be highly configurable to allow for the State's constantly evolving business practices
- Enhance federal reporting compliance.
- Tracking of Subcontractor Spend with appropriate business indicator categorization
- Capitalize on the availability of reverse auction technology and other emerging procurement technology on an ongoing basis.



## **Initial (Minimum Requirements)**

Contractor shall provide a commercial off-the shelf (COTS) Statewide eProcurement System, inclusive at a minimum of the following functionality, as well as System Hosting requirements

## **Multi-Tenant Statewide eProcurement System**

Contractor shall provide a Multi-Tenant statewide eProcurement System that at a minimum includes functional modules as specified herein with the appropriate security and administrative modules to meet the State's objectives. The Multi-Tenant system must handle multiple State entities with separate procurement authority and requirements. A single vendor/supplier file is highly desirable.

### **Contracting**

Multi-Tenant System contracting module shall at a minimum include the following functionalities: online supplier registration by commodity code and NAICS; solicitation generation and electronic issuance to suppliers; receipt of submitted offers from suppliers; evaluation and tabulation functionalities, contract awards; viewable public documents segmented and aggregated by procurement authority; viewable contract data for manual or automated purchases; open architecture database with vendor information and contract information for download to other state systems or necessary interfaces; various supplier and contract information reports; migration of current contract data; migration of other system's data as transition. System shall also provide for Special Procurement types and electronic approvals or denials. System shall provide contract administration functionality including spend capture.

### **Supplier Registration**

System shall allow for online supplier registration, including editing and updating. The functionality shall include management of supplier profiles and commodity codes. Commodity code selection and supplier profiles shall be accessible by suppliers via secure online connection. Supplier information shall be shared and synchronized with NJCFS.

### **Solicitation**

System shall allow for online solicitation generation and publication. Solicitation generation shall include ability to create and amend a solicitation, import and pool relevant requisition(s) information, search by commodity codes, access information from previous solicitations, and provide for electronic release to suppliers (per commodity code) and to designated print media for legal notice publication.

### **Supplier Submittal of Offers**

System shall allow for online offer creation, edits and submission by suppliers. System shall receive offers, date and time stamp their receipt, close submittal window when deadline is past, and hold offers secure and confidential throughout a subsequent evaluation process.

### **Evaluation and Tabulation**

System shall allow for confidential online evaluation of offers received in response to a solicitation. System shall include evaluation sub-process and/or solicitation tabulation. System shall allow for the display of the evaluation results and/or solicitation tabulation. System shall have the ability to retain final evaluation results as documentation associated with the solicitation.

### **Contract Award**

System shall allow for the awarding of contracts based on offers received in response to solicitations conducted within the System. System shall include a notification function that alerts offerors of the completion of the solicitation process and of any resulting contract awards.

### **Solicitation Transparency and Audit Trail**

System shall allow for the public, non-secured access, viewing of at a minimum the following: completed solicitations; offers in response to completed solicitations; evaluation summaries on offers submitted in response to completed solicitation; as well as all contracts awarded in response to completed solicitations.

### **Contract Visibility and Availability**

System shall allow for complete public display of all contract contents, and associated documentation, via the State's Website

### **System Interface with other State Systems**

System shall interface with other State systems, such as NJCFS, SAVI, Data warehouse etc. Specific interface requirements will be addressed as the procurement progresses.

### **Contract Administration and Usage Tracking**

System shall at a minimum allow authorized users to amend, extend, suspend, and terminate contracts. System shall allow for tracking contracts by key dates, such as contract expiration. System shall have the ability to maintain contract administration documents per contract. System shall have the ability to collect usage information, both as submitted by the contractors or as capture spend from the System's contracts.

### **Contract Ordering and Spend Capture**

System shall allow users to create orders for products and services within the contracts. Separate, but complementary to a more extensive process included in the purchasing module, the contracting module shall allow users to create an order (e.g., a market basket), and add products and services, with their respective quantities, fees, any shipping and taxes, and view the order details in their total. The System shall allow users to issue the order within the System or allow authorized users based on role to download the order data into a separate document, such as a Microsoft Excel spread sheet or into a separate purchasing system. In any event, System shall document such orders, both those done within the System as well as those downloaded outside of the System, and retain the respective spend data.

#### **Automatic links to contractor sites**

System shall provide for an automatic transfer to a specific contractor site via a contract link ('punch out') as per the State's eCatalog system to enable easy access to contract catalog product items, descriptions and pricing.

### **Purchasing**

System purchasing module shall at a minimum include the following functionalities: creation of purchase requisitions, requisition authorization, creation of purchase orders, documentation of order receipt, System interface with NJCFS and other systems as needed, and quality assurance functionalities. The System at a minimum will allow for automatic fills of fields of new purchase requisitions or purchase orders based on fields in a previous, similar purchase requisition or purchase order. System should allow for the ability to electronically attach documentation to purchase requisitions/purchase orders with appropriate approval path.

#### **Purchase Requisitions**

System shall allow users to create, or revise through a change process, purchase requisitions. Purchase requisitions shall be preliminary to the creation and transaction of a purchase order. System purchase requisition creation and management shall include accounting interface to, among other things, document funding source, ensure sufficient funds, and possibly pre-encumber and encumber funds as necessary. Encumbrances are triggered based on purchase requisition value. System shall allow users to suspend, terminate, or reactivate purchase requisitions with appropriate corresponding action to be interfaced with NJCFS. Please note, system with multiple accounting interfaces is desirable.

#### **Requisition Authorization**

System shall allow for subsequent authorization(s) of purchase requisitions prior to creation of a purchase order. Purchase requisition authorizations shall maintain accounting interface and shall allow authorizing users to view and modify funding data. System shall allow authorized administrators to suspend and terminate purchase requisitions.

## **Purchase Orders**

Beyond the contract ordering and spend data capture functionality of the contracting module, the System shall further allow for the creation of purchase orders from authorized purchase requisitions, or revision of an existing purchase order through a change order or amendment process, without creating a new purchase order number.

## **Order Receipt Documentation**

System shall allow for the documentation of order receipt and acceptance. Upon receipt of all products and services ordered, inspection and acceptance, the customer shall be able to log into the System, view the purchase order, and electronically confirm receipt of the order. This receipt confirmation shall be retained with the purchase order.

## **Supplier interface with NJCFS**

System shall allow for registered suppliers, engaged in a purchase order transaction with the State, to interface with NJCFS, for the purpose of receiving payment via the transfer of funds through electronic data interchange (EDI) or some similar transmission protocol. Such interface shall be an option to the supplier to use but is a required component of the System's purchasing module.

## **Order Fulfillment**

System will provide for receiving functions such as: acknowledgement by requestor (or designee) of full or partial fulfillment of order, flagging fixed assets to be tagged, tracking outstanding orders, etc.

## **Interface with other State Systems**

System shall interface with other State systems, such as NJCFS, SAVI, Data warehouse etc. Specific interface requirements will be addressed as the procurement progresses.

## **Quality Assurance**

It is desired that the System include functionality to capture both end user and supplier satisfaction, in the form of survey applications, data and related reports. Customer and supplier scorecards are also desirable.

## **Automatic links to contractor sites**

System shall provide for an automatic transfer to a specific contractor site via a contract link enable easy access to contract catalog product items, descriptions and pricing. State punch-out vendors will be migrated over to new system with at least same as-is functionality.

## **Project Execution and Implementation Requirements:**

### **Systems Assessment and Implementation Planning**

Contractor shall meet with and collect information from the State with regard to MACS-E and other significant agency contracting systems.

### **GAP/FIT, As/Is and/or other Analyses**

Using data gathered from their assessments of MACS-E and other significant agency contracting systems, as well as other data collected in accordance with their method of approach, Contractor shall conduct any necessary analyses, for example, GAP-FIT analysis, in preparation for transition to the new System.

### **Implementation and Change Management Plan**

Contractor shall provide an Implementation and Change Management Plan for the project with anticipated project deliverables and time lines, service levels. Implementation Plan shall address cultural change management and strategies thereto, as well as required post-implementation activities. Implementation Plan shall outline the level of State resources and support necessary for the project with anticipated hours and time lines.

### **Customization Plan and Delivery Acceptance Criteria**

To facilitate the State's requirements, customization and modifications to the System is anticipated. Such customizations shall not however negatively impact, limit or significantly diminish the System's functional integrity. Customizations shall not prevent smooth upgrades into subsequent release levels of the base software. The System shall not be custom designed. The Contractor will deliver a mutually agreed upon requirements document with deliverable acceptance criteria.

### **Implementation Plan**

Contractor shall provide for the State's transition to the System in accordance with the Implementation Plan, including at a minimum, the migration of all current purchasing data, supplier data, and buyer, administrator, and agency data. The Implementation Plan shall also address the State's requirement for System availability during migration. Implementation may also include any customization as may be required.

### **Training Plan**

Contractor shall provide necessary training for State administrators, buyers, and users by holding multiple training sessions in various locations. Training shall be for State personnel and, as applicable, for personnel from members of the State's Purchasing Cooperative including cities, counties, school districts and other similar cooperative entities. Contractor will train State staff in a "Train the Trainer" model so that the State may assume increasingly more responsibility for the training of its personnel following System transition. Contractor shall provide, and update as necessary, all training documentation in the form of an electronic user guide. The user guides shall be role-specific, e.g., System administrator, System users (buyers, customers, suppliers), etc.

### **Post Implementation Plan**

Contractor shall continue to provide support beyond System implementation, through a predetermined period of time or predetermined events, as set forth in the Implementation Plan. Implementation shall not be considered as being complete until all post implementation services are concluded.

### **Ongoing Support**

Contractor shall provide a variety of ongoing support to the State and the System including, at a minimum, maintenance services, product upgrades and repairs, customizations and support as requested and agreed to, as well as System exit and transition support.

### **Maintenance and Support**

Contractor shall provide maintenance and support covering all products and services provided under the contract. Contractor shall provide all System upgrades, hardware and software if SaaS, repairs and modifications. Contractor shall notify the State and all applicable State administrators, buyers and users a minimum of thirty (30) days in advance of such upgrades and manage their implementation through completion.

### **Customizations**

As requested by the State and agreed to by the Contractor, Contractor shall provide customization services to the State regarding any complementary, supplemental or ancillary functionality of the System. Such customized products will be documented and agreed to by the parties prior to commencement. The State shall retain possession of all products developed by the Contractor for the State under this provision unless the parties agree to the contrary in the associated documentation preceding the custom work.

### **Transition Support and System Exit**

Contractor shall provide all System maintenance and support services through the expiration of the contract. Contractor shall provide additional support to the State in the event the State transitions onto another system and contractor at the conclusion of the contract. Such support shall at a minimum include timely information sharing, data collection and transmission, and follow-up support after transition for a predetermined period of time or event.

### **Project Management**

Contractor shall provide at a minimum a professionally accredited Project Manager that will function as the primary contact and project lead for the contractor. Project Manager shall establish a Steering Committee and facilitate monthly Steering Committee meetings throughout the Assessment, Implementation, Transition, Operations and Exit phases of the contract. The Project manager shall also establish and facilitate a weekly meeting consisting of key state personnel to be identified as per section 3. Project Manager and other

contractor personnel shall be available to attend any other State requested meetings arising from the system implementation. Project Manager will also facilitate the submission of required reports. A detailed Project Plan in Microsoft Project shall be required before commencement of work. The Project Manager shall be responsible for the updating of the project plan on a weekly basis.

### **State Provided Resources and Services**

The Contractor will provide a document entailing what resources and services the State will be required to provide during the term of this implementation.

### **Communications and Connectivity**

All required communications and Connectivity shall meet or exceed the State's Requirements as set forth in <http://www.state.nj.us/it/ps/>

### **Security**

System shall meet or exceed all State and Federal requirements for protecting the State's data, including both static (saved/stored) and dynamic (transmitted) data. Security info located at <http://www.state.nj.us/it/ps/>

### **Architectural Standards**

System shall adhere to all applicable standards located at <http://www.state.nj.us/it/ps/>

### **System Requirements**

Contractor shall provide a commercial off-the shelf (COTS) Statewide eProcurement System, inclusive at a minimum of the following functionality, as well as System Hosting requirements

#### **D. Proposal Framework**

Vendors and suppliers are encouraged to submit a proposal outlining their approach to addressing the State's objectives. Based on the proposals received the State may exercise its authority to hold various conferences and work sessions. The State is only interested in off-the-shelf solution that is available on State contract. The solution must have a proven track record that can be verified through reference checks and require minimal customization. A benefits-funded approach for supporting the development, maintenance and operation of the system is highly desirable. Once a vendor solution has been selected, the State will enter into a negotiation phase to finalize the cost recovery methodology and term.

All proposals must be submitted no later than 2:00 pm eastern on June 14, 2011. Proposals should be emailed to [adel.ebeid@oit.state.nj.us](mailto:adel.ebeid@oit.state.nj.us).