The Journey to Agile Acquisition

MARKET TRENDS REPORT

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Introduction

Data silos. Increasing customer expectations. Acquisition complexity. Rapidly changing market solutions. Limited resources. Shifting policy and compliance requirements.

This is the landscape that contract officers in government face today. Clearly, it's not an easy one.

Agency leaders require more innovative and agile solutions to meet their constituents' needs and demands faster than ever. But government agencies are steeped in antiquated processes supported by legacy systems that are cumbersome and out of alignment with the strategic and technological priorities of today's government procurement. This can lead to long cycle times and inefficiencies, leaving agency leaders at a disadvantage without the transparency, agility and technology they need to meet their customers' demand.

But there is a path forward. Today, agencies must move to a collaborative, flexible and agile procurement solution that can go beyond existing tools and processes and enable government acquisition officers to realize their strategic vision.

To learn more about why it is so critical to adopt an agile acquisition approach supported by a flexible procurement platform, and how agencies can get there, GovLoop partnered with Ivalua, a leader in procurement platforms.

BY THE NUMBERS
Acquisition in Gov Today

$550 billion
In fiscal year 2018, the federal government spent more than **$550 billion** on federal contracts, an increase of more $100 billion from 2015.

Source: GAO

5.8%
Federal contract spending grew at a rate of about **5.8%** annually between fiscal years 2014 and 2018.

Source: Bloomberg Government

14 of 22
Officials at **14 of 22** selected agencies did not identify, or help identify, IT acquisitions for chief information officer (CIO) review as required by Office of Management and Budget guidance; the same number of agencies did not fully satisfy OMB's requirement that the CIO or other appropriate parties review and approve IT acquisition plans or strategies.

Source: GAO

$15 billion
Federal spending has surged on governmentwide acquisition contracts (GWACs) that agencies use to buy IT — to **$15 billion** in fiscal 2018. The trend suggests that agencies rely more on GWACs each year to satisfy IT purchases and modernize legacy systems.

Source: Bloomberg Government

$50 million
Major acquisitions, which vary in size by agency but often exceed **$50 million**, account for about one-third of annual federal spend on contracts.

Source: President's Management Agenda

THE CHALLENGE
A Landscape of Hurdles for Modern Procurement

The government faces unique challenges in how it acquires goods and services and ensures transparency to meet constituents' needs. Potential issues include risk in delivering the right goods and services on time, executing within budget, changing regulations or priorities, decreasing public confidence in the way agencies spend money, and legacy technology and processes that don't support the strategic and innovative focus of today's government.

At the same time, agency leaders are looking for more innovative ideas and technology solutions, and a procurement platform and acquisition process that can support a less rigid and more agile acquisition approach and process.

Finally, the focus on modernization is a priority at government's highest levels. The President's Management Agenda calls for improving management of major acquisitions, improving outcomes through IT spending transparency and creating cost savings through category management.

But the hard truth is that most agencies face a procurement landscape of decades-old systems.

"Those technologies solved the problems they needed to at the time," said Michael Arthur, Federal Business Development Leader at Ivalua. "But today, when agencies need more tailored solutions, their current technologies and processes don't have the configurability or the flexibility to change."

By and large, agencies recognize the need to change and the value of moving to a new model of procurement, but the challenges of modernizing procurement and moving to an agile acquisition process are incredibly real.

Legacy IT is a massive hurdle; many government entities have faced the challenge of either paying high costs to maintain and grow legacy platforms or letting them reach the end of their life as demands increase. Most federal agencies still work off of acquisition strategies and processes that are antiquated and inefficient because of the lack of supporting technology offerings. Plenty of current strategies involve manual processes and are not data-driven, intelligent or predictive to provide the analytical insight required to move to an agile acquisition process.

Additionally, poor user design of existing platforms and an inability to share data across multiple sources — so that acquisition professionals can see all relevant data — hamper the ability to provide actionable insights throughout the end-to-end acquisition lifecycle.

"There's no central repository for that data in most systems," said Mike Cook, Head of Public Sector at Ivalua. "These sorts of technology constraints are limiting real-time decision support and the value creation required to support the shift to agile acquisition."

There is a path forward, however, that provides governments with more adaptable and flexible procurement solutions.

The President's Management Agenda calls for **improving management of major acquisitions**, improving outcomes through IT spending transparency and creating cost savings through category management.

Source: President's Management Agenda

THE SOLUTION
An Agile Procurement Platform to Enable Innovative Solutions

By moving to a collaborative and flexible procurement solution, agencies can enable more efficient processes, reduce risk, increase compliance and facilitate digital transformation and modernization efforts.

A modern procurement solution can satisfy the diverse needs of contract officers, suppliers and constituents. Some of the defining capabilities of a modern system are:

- The use of intelligent workflow, minimizing paper-based processes, and reducing errors and redundant work

- Increased automation, reducing the cost per transaction, acquisition cycle time and shifting to an exception-based approach

- Creation of collaboration networks that provide contract officers and suppliers with visibility into all elements of their joint value chains

- Improved transparency through presenting data contextually to improve decision-making for all users by providing easy access to relevant insights

A procurement platform purpose-built for government enables organizations to be more responsive to legislative, regulatory and policy changes, and to have full transparency throughout the acquisition lifecycle. A modern platform enables agencies to use predictive risk indicators, enabling proactive mitigation and real-time monitoring.

"As the government moves to a more iterative acquisition process, their procurement platform needs to be flexible enough to support those agile processes while still enforcing the proper controls," **Cook said. "The Ivalua solution provides that end-to-end capability, reducing the need for multiple integrations or handoffs through the process."**

CASE STUDY
Innovation in Arizona

For Arizona, e-procurement has been a decade-long pursuit.

The state's first electronic procurement system went live in 2009, which brought numerous digital improvements. But by mid-decade, Arizona officials conducted another competitive evaluation process, looking to take advantage of technology advances, and selected Ivalua's platform to replace the existing application.

Since the new system went live in fall 2018, the procurement office has focused on releasing the advanced features the cloud-based Ivalua application offers, including tighter access controls to platform capabilities and data.

"Our overall goal is to have an enterprise strategy in place that's based on the detailed information that we can pull out of the procurement system," said Christina Garza, Applications Manager at the Arizona State Procurement Office.

BEST PRACTICES
Moving to Agile Acquisition

1. Evaluate the solidity of your current acquisition strategy:

Does your agency have a leader or champion driving the transition to a more agile acquisition strategy, with buy-in from above? Have you clearly defined roles and responsibilities? Have you established cross-functional teams in which key stakeholders coordinate and execute the acquisition tasks, or work to identify metrics, assess performance, and provide feedback on performance to agency suppliers? All these and more are key to your acquisition strategy — and a healthy acquisition strategy supports innovative solutions and leadership.

2. Have clear communication:

Effective communication is ultimately about getting buy-in organizationwide, creating awareness and providing an influential voice for stakeholders — "The Voice of the Customer." Agile requires constant communication and real-time collaboration. Having more information earlier, and having it presented straightforwardly at regular intervals and key acquisition milestones, increases everyone's confidence. Ways to achieve that may include multiple communication methods, but moving to an Agile methodology focuses on providing real-time access and visibility. Key stakeholders should not have to wait for a weekly or monthly progress update. They should be able to view key status indicators and have all critical information at their fingertips when logging into their procurement platform.

3. Focus on outcome-based solutions:

Agencies should adopt policies that emphasize outcome-based acquisitions as opposed to the prevailing specification-based acquisitions. This means agency leaders need to communicate their strategic objectives and goals to their participating suppliers. "When you move to outcomes- or solution-based acquisition, you're really getting to the key, core needs of the agency and eliminating unnecessary steps in the acquisition process," Cook said.

4. Develop best practices through private-sector and internal collaboration:

"Some agencies have developed procurement innovation labs in which they're able to think about Other Transaction Authorities and nimble ways of reaching out to the market and vendors, whom you wouldn't typically interact with," Arthur said. Labs such as these, plus collaborating with and learning from private-sector organizations that have Agile acquisition processes and technologies in place, can help the public sector get up to speed.

5. Partner with the right vendor:

Partner is the keyword. Vendors that can move agencies forward into modern acquisition will have adopted private-sector procurement best practices. They're likely to offer predictive risk indicators and analytics, enabling proactive mitigation and real-time monitoring, and they'll understand how to work within existing legacy systems. "The path to modern and agile acquisition processes is a journey and it is critical to select a vendor that will be a partner that is committed for the long term," Cook said. "The platform you choose should provide the flexibility to scale up or scale down as your business changes or new features and functionalities are available to maximize the value of your organization's investment in a procurement technology platform."

CASE STUDY
Big Changes in the Big Apple

Citizens rarely think about how state and local governments contract for goods and services. But procurement professionals know that the effectiveness of their operations can make or break how well the government delivers the modern capabilities constituents need.

"Inefficient legacy systems just don't allow city leaders to be nimble enough to launch new programs quickly," says Dan Symon, New York City's Chief Procurement Officer and Director of the Mayor's Office of Contract Services.

With that in mind, the city is reimagining government procurement, starting with a new e-procurement system, which Ivalua designed to end the inefficiency of manual, paper-based processes.

New York City's procurement modernization program created the Procurement and Sourcing Solutions Portal, which supports about 40 agencies managed by the mayor's office.

HOW IVALUA HELPS

Ivalua offers a single platform solution with highly configurable functions across all major procurement and finance processes. This includes performance and risk tracking, sourcing, contracts, procure-to-pay, invoice automation and analytics. Ivalua's platform also provides the required scalability, security and flexibility to allow public-sector customers to meet the many unique and evolving requirements of public procurement.

"Ivalua for Public Sector was purpose-built to address the unique issues that government entities and acquisition professionals face," Cook said. "Our Public Sector solution will grow with you, is configured to your specific needs and, most importantly, provides the flexibility to meet your customers' ever-changing demands."

Learn more about Ivalua and its public-sector platform **here**.

Conclusion

Technology has changed significantly in the past decade. A migration toward modern, agile platform technologies that consolidate legacy systems, optimize user experience, provide flexibility and increase data-sharing capabilities is critical for today's government acquisition processes. This, in turn, can help unlock untapped value for agencies through increased transparency, proactive risk management, integrated automation and predictive analytics. Contract officers are now armed with the tools to support the complex needs of today's modern government and acquisition processes. Finally, agile is here to stay — change is constant, government leaders need solutions that will adapt and evolve with these changes to support their agencies' agile acquisition needs.

ABOUT IVALUA

Ivalua is a leading provider of cloud-based Spend Management solutions. Our complete, unified platform empowers leading federal, state and local governments and hundreds of the world's most admired brands to effectively manage all categories of spend and all suppliers. Ivalua is recognized as a leader by Gartner and other analysts and maintains the industry's leading 98%+ customer retention rate. Learn more at **www.ivalua.com**.

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ABOUT GOVLOOP

GovLoop's mission is to "connect government to improve government." We aim to inspire public-sector professionals by serving as the knowledge network for government. GovLoop connects more than 300,000 members, fostering cross-government collaboration, solving common problems and advancing government careers. GovLoop is headquartered in Washington, D.C., with a team of dedicated professionals who share a commitment to connect and improve government.

For more information about this report, please reach out to **info@govloop.com**.

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