

Working With Vendors

Getting the most value from IT projects through effective procurement and vendor management practices

December 2020

About this resource

It is general knowledge amongst IT professionals and those who work on technology projects that very few ([less than 15%](#)) large government IT projects successfully complete on-time, on-budget, while still on-scope, serving intended needs. Because most government IT projects are built by vendors, the single biggest enabler of a successful government IT project is successful procurement and vendor management. Working closely with vendors on clearly-defined and scoped projects, with aligned incentives and the flexibility to adjust course—working iteratively, while centering the programmatic outcomes and incorporating the voice of the actual person being served—is critical to the success of IT projects.

With the extension of Pandemic EBT through the 2020/2021 school year and the increased federal administrative funding, this time states have greater flexibility to partner with external vendors to build innovative and flexible technology solutions for P-EBT delivery. We built this resource as a guide to help state administrators facilitate a successful P-EBT technology project with an IT vendor, but the tips and resources here are relevant beyond the scope of P-EBT—and can apply to any large scale government IT project built by an outside vendor.

1. Pay for actual program outcomes, not requirements or technology outputs.

One of the biggest challenges that many non-technical government employees (even IT staff who do not have technical backgrounds) face is that technology is experienced as a mysterious box that only technology vendors can build and solve. As a result, often a requirements sheet is circulated around the agency or department, filled with a long list of policy, business, and technical requirements—and put out to bid on an RFP. Vendors bid and build according to those requirements, and not to the original intent of the law, or policy, or program. This reality is nobody's fault—everyone is speaking their own language.

However, by focusing on actual program outcomes and not getting bogged down in the details of the technology, governments can ensure that vendors are aligned with their overall vision and goals.

- a. **Align the vendor to the mission.** Instead of procuring technology that meets a list of requirements such as “System must be able to allow applicants to fill in their first name and last name,” procure technology that meets your program goals, such as “Ensure that 99% of parents applying for P-EBT for their children can complete the application within 5 minutes and receive their cards within 24 hours.” By focusing vendors on actual desired outcomes, government can avoid the costly game of telephone that can follow.
- b. **Structure contracts so that vendors are not paid by the work hour—but by the business outcome.** Traditional IT vendor contracts are usually done by Time & Expense, paid by the work hour. The simplest way for vendors to price the work, then, is to take each of the (often thousands of) above requirements, and attach a work hour price to it. A more effective approach is to focus on the business outcomes you want to achieve, using shorter (~6 months—1 year) firm fixed price contracts that gradually build up to a full system, rather than a monolithic multi-year build.

2. Avoid vendor lock-in.

It may be in the vendor’s best incentive to provide proprietary technologies that are difficult to update, migrate from, or have other vendors operate in the future. This process allows the vendor to effectively “capture” a government—enjoying exclusive monopolistic access without being a monopoly. While other vendors exist in the market, once a government has selected a proprietary technology built by a vendor, if it can only be serviced by that vendor, then—just like a hard-to-find car part can be costly and slow to acquire—that vendor has locked in another customer. *(Vendors are not shy about this, either: a simple search for job titles such as “capture manager” or “capture director” on LinkedIn yields tens of thousands of results of people whose job it is to lock in government customers!)* In fact, some of the best technology solutions are not proprietary or built by vendors. Here are a few things to watch out for:

- a. **Purchase technology that is not vendor-specific.** This can be [open source](#) technology but doesn't necessarily have to be. Many private source, off-the-shelf technologies are commonly used (e.g., Salesforce, Airtable, Wordpress), and thus, many vendors can build and maintain systems based on them.
 - b. **Ask your vendors for modularity.** This means building the technology in different distinct parts that can be taken out, swapped, and used interoperably. Modularity is important: it allows for best-of-breed operations by having different vendors build different parts of systems. And, if you want to update one piece of the puzzle, it doesn't impact all of the pieces around it: modular systems can be upgraded one module at a time, gradually improving over years, rather than having to do a single big monolithic procurement every decade. Notably, [CMS recently attached modularity requirements to all MMIS systems](#) and noticed that states have started working interoperably with each other, while more vendors have started specializing on various modules.
 - c. **Insist on proper documentation of the system.** Documentation should be written so that both government and public stakeholders can understand what the technology does. Technology is not a black hole. Most importantly, documentation is useful in case anyone else must maintain or operate the system in a time of emergency—such as in-house technical staff or another vendor.
 - d. **It's your data—make sure you can access it whenever you want.** We have observed many instances of vendors charging governments to access their own data, and often that data is provided in non-machine-readable formats like PDF, or not in standard formats that can be easily used to collaborate with other agencies, departments, or jurisdictions. It is important to realize that the client data in the system belongs to the government, not the vendor. You need easy, machine-readable, standard-format access to it so that you can make program decisions with the information that you own.
- 3. Insist that vendors bring best practices of technology development.**

Insist that vendors provide best practices from their industry, and ask that they are open and transparent about their practices. These best practices include:

- a. **Product management:** This is not the same as project management traditionally found in government IT. A [product manager](#) focuses on building a delightful, easy-to-use, efficient piece of technology, as opposed to overseeing complex project plans, timelines, requirements, and deliverables.
 - b. **Usability testing:** All vendors must test their products. However, this can often be limited to “user acceptance testing,” which is more of a box-checking exercise to ensure that the software satisfies the letter, but not the spirit, of the technology. Rather, testing should be focused on [usability](#) to ensure that the experience for all users (whether that’s public servants, clients, or anyone else who may come into contact with the system) is easy to use and efficient. “User acceptance testing” often focuses on lists of yes/no questions rather than the metrics that really matter: how long an application takes to fill out, how long a client must wait before receiving their benefits, or how often someone is wrongly kicked off a benefit program, for example.
 - c. **DevOps, release management, modularity, security, and other best practices:** There are many best practices in the field of software development. Resources like the [18F Derisking Guide](#) will help you make sure your vendors are following these practices.
- 4. Insist that vendors work in an agile, iterative, continuously improving manner, while putting people first.**

These are [fundamental Code for America principles](#) that we have found to be critical to successfully serving people using technology:

- a. **Work with an iterative approach.** [Agile](#) may seem like a buzzword, but at its core it simply means that software should start small, with low-fidelity prototypes, and gradually test and iterate and improve, rather than trying to plan the entire system ahead of time, build it, and launch it all at once. Working iteratively, deploying in waves, and rapidly adjusting is critical to successfully working with technology. One does not need to look further than the cautionary tale of the healthcare.gov ACA rollout to understand the benefits of working iteratively, continuously improving along the way.

- b. **Qualitative user research.** [Qualitative user research](#) is fundamental to developing government services that better and more equitably meet the needs of communities by truly seeking to understand the fundamental needs of people who use government services. Work with vendors who will do true research and build software that meets the needs of the people you serve, not merely checking off a long list of requirements.

5. Make it easy to work with you.

We have also spoken to many vendors to understand their challenges in working with governments. Many have shared some common themes about working with governments, and these tips can help ensure a smooth partnership between you and your chosen vendor.

- a. **Clearly communicate the end goal.** Vendors sometimes find it difficult to understand context about what is really being asked for and why. By communicating the true program outcome, not just the technology requirements, you help your technology vendor become a partner who can collaborate, communicate, and align on a shared understanding of what is being built and delivered.
- b. **Establish shared vision.** Work with the vendor to establish a shared vision, which may include values, hopes and dreams, fears, and challenges. Clearly communicating these will help the vendor understand the government context, and solve appropriately for them.
- c. **Eliminate burdens that make it difficult for vendors to participate.** There are common procurement requirements written into RFPs that preclude many vendors from bidding on government IT projects. The result is that the same large vendor incumbents keep winning contracts, leaving no room for other vendors—who may be smaller, more local, and have new innovative ideas for solving government technology problems—to compete. For example: requiring staff to be physically on-site in government offices full-time (in places like state capitals, when talent is often concentrated in metropolitan city centers or university towns), requiring paper signatures and hand-delivery of proposals, RFPs that are not publicly accessible, but obscured behind registration-required portals, or 90-day payment periods (which are challenging for small vendors, but not for large companies).

Additional Resources:

- [18F Derisking Guide](#)
- [Ad Hoc Government Digital Services Playbook](#) (4, 5, 12)
- [Code for America Qualitative Research Guide](#)
- [Implementing agile ways of working in IT to improve citizen experience](#) and [Scaling digital in the public sector: Building blocks for the future](#)
- [Beeck Center at Georgetown University State Software Collaborative](#)
- [Agile Government Handbook](#)

About Code for America

Code for America believes government can work for the people, and by the people, in the digital age, starting with the people who need it most. We build digital services that enhance government capabilities, and we help others do the same across all levels of government. We organize thousands of volunteers across 90 chapters nationwide who improve government in their local communities. Our goal: a 21st century government that effectively and equitably serves all Americans. Learn more at codeforamerica.org.

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