

Government of the District of Columbia



Office of the Chief Technology Officer

Testimony of
Vivek Kundra
Chief Technology Officer

Public Roundtable

on

**“CA 17-537: Proposed Contract for Information Technology
Staff Augmentation”**

**Councilmember Carol Schwartz, Chair
Committee on Workforce Development and Government Operations**

Thursday, August 7, 2008

**John A. Wilson Building
Room 500
1350 Pennsylvania Avenue, NW
Washington, DC 20004**

**STATEMENT OF VIVEK KUNDRA, CHIEF TECHNOLOGY OFFICER
COMMITTEE ON WORKFORCE DEVELOPMENT AND GOVERNMENT OPERATIONS
DISTRICT OF COLUMBIA COUNCIL
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Introduction

Good morning. I am Vivek Kundra, Chief Technology Officer for the District of Columbia. On behalf of the Fenty Administration, I appreciate the opportunity to testify in support of CA 17-537, a proposed contract for temporary information technology (IT) staffing. I also want to recognize my colleagues joining me in support of the proposed contract at this hearing, Chief Procurement Officer David Gragan and Interim Director of the Department of Small and Local Business Development Nicole Becton.

In order to solve a serious and long-standing problem faced by both government and the business community concerning how to procure temporary IT staffing services, OCTO embarked on a six-month project to study IT procurement best-practices around the country. The result of this comprehensive best-practice survey is the proposed contract we are here to discuss today. In addition to streamlining the temporary IT staffing acquisition process, this proposed contract will save the District \$5 million annually in OCTO alone, restructure how we buy services, and guarantee an increase of our use of Certified Business Enterprises (CBE) for IT staffing services from 71% to 95%. By law, all CBEs are District-based businesses. Under the leadership of the Council, the “Small, Local and Disadvantaged Business Enterprise Development and Assistance Act of 2005” was amended in 2006 to require that all CBEs be based in the District, ensuring that the funds expended under this proposed contract stay in the District of Columbia.

Currently, procuring temporary IT staffing is too costly, too time consuming, and is buried in bureaucratic paperwork and procedures that leave eligible vendors on the sidelines. Clearly, the current process is broken.

In fact, our survey of vendors at last week's Vendor Roundtable on this topic shows that the District's local vendors are uniformly unhappy with the process. Specifically of the attendees:

- 96% complain of a lack of opportunity,
- 88% complain of a lack of transparency,
- 80% are not satisfied with the current process, and
- 75% complain of problems getting paid on time.

This contract addresses all of these concerns. It is a win-win-win for the government, businesses and taxpayers alike.

Background

Since my appointment in May 2007, the biggest obstacle that I have faced in using technology to transform government is the timely and costly procurement process for hiring temporary contractors for IT needs.

As an example, we often hire Application Developers with specialized skill sets for short-term projects. Due to the fact that the need for this type of staff is temporary, it is illogical for OCTO to hire and train FTEs to perform these functions. Currently, it typically takes 2 months to fill these temporary positions, which limits OCTO's ability to support government operations.

Consider some of the problems that the District faces in contracting for temporary IT staff:

- It takes too long to get a contractor on board--2 months on average. Often, by the time a contractor is ready to be brought on board they have accepted a position elsewhere and are no longer available for hire causing the inefficient procurement process to begin again.
- The District pays too much for IT contractors--\$5 million in missed savings compared to competitive rates in the region.
- OCP buyers spend too much time--60% of their workload for OCTO--on these repetitive small dollar procurements, preventing them from strategic sourcing¹ that will bring the District even bigger

¹ Strategic sourcing attempts to determine the total cost of a particular action before making a

savings.

decision to purchase a good or service rather than just a decision based on purchase price alone. Vendors have their own complaints about the current IT procurement process:

- They miss opportunities that they do not hear about.
- They endure stacks of paperwork to place candidates.
- As the process drags out over months, they lose candidates to other opportunities.
- They complain that they do not receive payment for their services on time.

Solution

As a result of these problems, we made temporary IT staffing services a top priority for reform and formed a cross-functional team to find a best practice solution for the District. Over the course of the last year, 10 people researched all 50 states and found that contracts similar to the one we have developed are bringing excellent value, control, and transparency to a number of states such as Pennsylvania, Texas, and Virginia. OCTO selected the best elements from these models, and always considered how to carry out the District's commitment to CBEs throughout the process. In fact, with the implementation of this contract, the District will have the highest commitment of CBE spend in the country for temporary IT staffing services. At least 95% of the value of this contract MUST be awarded to District CBEs; businesses which, by law, must be headquartered in the District. This unparalleled level of commitment ensures that the District's dollars stay in the District and help grow District-based businesses.

We also ensured sufficient capacity to allow the entire District government to benefit from this contract by setting the proposed contract's cap at \$150 million.

OCTO alone spent approximately \$60 million in IT services in FY2007. Other District agencies spent over \$20 million in 2007. In addition to this over \$80 million in spend, the federal government often awards

regional IT projects.² Unfortunately, without a more streamlined method to quickly acquire temporary IT staffing, the District loses these opportunities to provide business for our CBE community to which instead goes to Maryland and Virginia. With this proposed contract, tens of millions of dollars of federal grant money could potentially be awarded to CBEs. Finally, we hope to expand opportunities for District-based businesses in other jurisdictions by including a Council of Governments rider clause, which allows neighboring localities in Maryland and Virginia to spend their money under this contract. This combination of current District spend and potential future spend requires a cap of \$150 million to avoid potential service disruptions during the year and maximize the potential for local business participation. Moreover, we structured the proposed contract for a single year with options to ensure that the Council retains oversight and can review contract performance every year to approve future years.

Further, in approving this contract the Chief Procurement Officer (CPO) will not relinquish any of his contract responsibilities. OCTO will still issue requisitions and OCP will still approve the purchase orders. Additionally, there will be constant monitoring, oversight and random audits of both the vendor and program performance. The CPO will ultimately be responsible for ensuring that both the vendor and the program agency are in compliance with all District procurement laws.

² National Capitol Region IP

Together with OCP and DSLBD, OCTO held a pre-proposal conference on May 6, 2008, to shape the final RFP which incorporated feedback from the vendor community and a Vendor Roundtable to discuss the proposed contract. OCTO also created a website (<http://itsa.dc.gov>) to share details of the proposed contract with stakeholders, including attendee lists, FAQs, and video of the pre-proposal conference.

Benefits

The contract will deliver measurable savings to the District government and taxpayers.

- \$5 million in annual savings: Hourly rate caps for services provided by hired temporary staff will save the District approximately \$5 million annually in reduced rates.
- 16,000 hours of program manager time will be freed from procurement activities for more mission-critical initiatives.

- ~~Increased Transparency:~~ Vendor performance will be closely monitored and will be reported quarterly on the internet, with strongly enforced disincentives for poor performance. Dramatically reduce the use of sole source contracts for IT temporary staff services: New contracting system provided under the proposed contract will practically eliminate the need for OCP to execute sole source contracts due to increased competition and shorter hiring times.

In addition, this contract also promises substantial benefits to District-based businesses:

- Notification of every temporary IT staffing request as it is published will ensure fair competition among the eligible pool of District-based vendors.
- Easy to respond to requests and submit resources online, without paperwork.
- Mandates increased business from 71% of current spend to a minimum 95%.
- Unprecedented transparency to know what is available, who is competing, who is winning, and how the Prime Contractor is performing through information made available on the OCTO website.

Conclusion

Madam Chair, the proposed contract represents the collaborative work of the Chief Procurement Officer, the Director of DSLBD, and myself to create a contract vehicle that will streamline OCTO's ability to respond quickly to new needs, save the District money, increase transparency, and empower the CBE community all at the same time.

Understandably, some within the business community may be apprehensive about the change the District is striving to implement. The District has responded to these concerns by setting aside 95% of the spend to the CBE community, incorporating amendments to the RFP based on vendor feedback and made the

procurement process transparent, including the creation of the website, <http://itsa.dc.gov>. We strongly believe that this effort will increase competition, overhaul the response process, and introduce a new measure of accountability.

It is the ultimate goal of the District government to provide the best service to the residents, businesses, and visitors.

Thank you for the opportunity to testify. My colleagues and I will gladly respond to any questions that the Council may have.