



Los Angeles County Quality and Productivity Commission

May 15, 2024

**County of Los Angeles
Quality and Productivity
Commission**

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FROM: William B. Parent, Chair
Quality and Productivity Commission

**SUBJECT: COUNTY OF LOS ANGELES PROCUREMENT
MODERNIZATION AND TRANSFORMATION BOARD MOTION (FINAL
REPORT AS OF MAY 15, 2024)**

On June 14, 2022, the Board of Supervisors (Board) approved a Motion (Item 18) regarding the County of Los Angeles Procurement Modernization and Transformation. As part of the motion, the Board directed the Quality and Productivity Commission (QPC or Commission), in consultation with the Internal Services Department (ISD), Chief Executive Office (CEO), Department of Auditor-Controller, and related County departments, to take the following actions and report back to the Board of Supervisors:

1. Complete a review and analysis of the current state of the County's procurement systems, process, and practices with the goal to modernize and transform the County's purchasing and contracting system.
2. Delegate authority to the Executive Officer of the Board of Supervisors to execute consultant service agreement(s) with subject matter experts to assist in this endeavor.
3. Based on the completed analysis, provide recommendations using emerging technical and business process improvements and innovations to make the County's procurement of all goods and services more efficient, effective, and equitable across all departments. The recommendations should include a standardized process that ensures transparency and accountability for all County procurement efforts.

The Commission submitted a status report to the Board of Supervisors on July 24, 2023, on our progress at that time. On October 5, 2023, the Commission contracted with Gartner Inc. (Gartner) as a subject matter expert as authorized by the Board in the motion.

EXECUTIVE OFFICE



BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

Since then, Gartner engaged in three Business Capability Model (BCM) discovery sessions with County stakeholders, received input from 46 County executives and procurement and contracting experts, and reviewed over 100 documents, including related Board Motions on digital and streamlined contracting and auditing activities as well as equity in contracting. Gartner also met regularly with members of the QPC Procurement Ad Hoc Committee, as well as senior administrators from the CEO, ISD, Auditor-Controller, County Counsel, and other relevant County departments to provide an update on their findings and seek stakeholder input. In total, the engagement covered the procurement and contracting practices for 26 County departments.

By April 2024, Gartner completed its independent review and analysis of the current state of the County's procurement and contracting practices and issued the "Los Angeles County Assessment of Source-to-Settle Practices" report (see Attachment A for a copy of the full report). The report provides an analytical critique of current processes. It outlines and prioritizes a roadmap encompassing policy management, staff development, process optimizations and technology solutions necessary to achieve thorough, standardized, transparent, and efficient procurement processes across County government.

Summary of Recommendations

The inefficiencies of the current procurement systems, processes, and practices within the County are untenable. Accordingly, the Commission recommends the following:

- I. Create a clear central authority accountable to the Board of Supervisors.
- II. Modernize County policies and advocate for state and federal reform.
- III. Phase-in emerging technology.

To do so, the Commission recommends that the Board:

1. Authorize an accelerated, thorough, and transformational County-wide source-to-settle modernization initiative;
2. Ensure alignment with and support of the initiative by all impacted County departments including ISD, Auditor-Controller, and County Counsel; and
3. Assign accountability, oversight, management, and coordination of the initiative to a central authority to:
 - a. Establish a County-wide Procurement Transformation Program Office (PTPO);
 - b. Recruit and/or assign a Procurement Transformation Officer to lead the PTPO who is empowered to drive the initiative and manage project resources;
 - c. Appoint a County-wide working group to support effective and efficient PTPO decision-making that includes ISD and relevant departments broadly representative of the County's diverse purchasing and contracting needs;

- d. Secure appropriate strategic and technical assistance with experience and expertise in public sector procurement, sourcing and contracting, including eProcurement and eCAPs, to assist in the planning, design, implementation, and benchmarking of the initiative; and
- e. Report regularly to the Board of Supervisors on both progress and any obstacles related to County-wide source-to-settle modernization.

Further, the Commission recommends the following as drivers and key indicators of success for the procurement transformation initiative:

- Accelerated purchasing and contracting;
- Equity and access;
- Cost savings and return on investment;
- Improved quality and productivity; and
- Proven cutting-edge technologies and practices.

Key Findings

Based on the Gartner analysis and subsequent presentations and discussions, the QPC affirms that the current County procurement system continues to be untenable and that the County Procurement Modernization and Transformation initiative is not proceeding at a pace and scope needed to meet current needs and demands. Existing processes are negatively affecting equity and access, cost savings, quality of services, and productivity. Senior administrators share the dissatisfaction that has been heard at all levels, both inside County government and among current and potential outside contractors, including:

1. County vendors, contractors, and administrative staff are deeply frustrated with the current system and the pace of change. They are strongly supportive of a transformative modernization of the County's procurement source-to-settle practices.
2. The Board has prioritized procurement transformation and equity in County contracting initiatives and has identified ISD as the department to lead these efforts. However, progress has been slow due to ongoing challenges of managing existing legacy systems, inefficient and outdated procedures, and excessive compliance requirements. Siloed departmental systems, management cultures, and workforce capacities have also hindered procurement transformation and equity initiatives.
3. Other jurisdictions comparable to Los Angeles County, most notably New York City, have undertaken successful transformative procurement initiatives. Others have succeeded in achieving streamlined processes, increased end-user satisfaction,

increased access and inclusion for smaller firms and community nonprofits, and significant current and probable cost savings.

4. Systemic reform is needed. Continued reliance on outdated practices and technology and the lengthy timelines of converting to new systems are symptomatic of greater challenges. The attached report has identified a series of themes that demand urgent attention and action:
 - a. Approved purchases face extensive delays due to procedural and technology inefficiencies, slowing down the County's ability to respond to emergent needs;
 - b. Personnel have limited access, visibility/transparency into past or ongoing projects;
 - c. Too much work is manual and paper-based; many policies and procedures are overly complex and sometimes unnecessary;
 - d. Personnel lack knowledge or awareness of workstreams outside of their siloed specialties;
 - e. Authority, tracking capacity, and compliance requirements are too dispersed across departmental silos;
 - f. Inadequate training and high turnover/retirement/hiring challenges hinder continuity and innovation. The County simply has a shortage of creative, cutting edge-talent in technology and systems management.

A comprehensive and thorough transformative process needs visionary and accountable leadership connecting the Board of Supervisors, CEO, ISD, and other key departments and senior departmental and business procurement experts. As the County's 2024-2030 Strategic Plan calls for "streamlined and equitable contracting and procurement," procurement reform should be a highly visible, innovative, and ambitious initiative with clear goals, and well-articulated benchmarks and desired outcomes.

Discussion of Recommendations

1. **Create a clear central authority accountable to the Board of Supervisors.** Consistent with the Gartner report's call for a high-level Transformation Program Office, the Commission recommends that the Board establish a central authority with oversight over all departments, divisions, and offices that engage across the source-to-settle (from sourcing, requisition, payment, and analysis/audit) process, including but not limited to ISD. This leadership would ensure momentum for the transformation, provide appropriate change management, and ensure increased transparency and accountability. It would establish and monitor goals, objectives, desired outcomes, costs, and timeframes. This leadership also would ensure that appropriate experience and expertise in procurement and contracting streamlining, effective deployment of new technology, and education and training of County employees are integrated into the

County's source-to-settle process, whether through the use of third-party consultants, appropriate new hires, or assignment of existing County staff. The Commission's recommendations for implementation are listed in the Summary of Recommendations section.

2. **Modernize County policies and advocate for state and federal reform.** Institute a top-down review of County policies, procedures, and fiscal controls to ensure that they reflect 21st-century economic realities. For example, consider the substantial and debilitating cross-departmental inequities in purchasing agent delegated authority thresholds by setting a uniform County-wide threshold of at least \$50,000 per office or department and index it annually to inflation. We support ISD's current development of a comprehensive procurement "rule book" incorporating and updating fragmented policies and ordinances. Where constraints are imposed by the State of California or the U.S. Government, the County's State and Federal Agendas and Legislative Priorities should also be updated to reflect best practices in procurement and the source-to-settle process.
3. **Phase-in emerging technology.** As directed by the Board, Appendix A of Gartner's report identifies emerging technologies and market trends for consideration. However, the Commission supports Gartner's recommendation to first review the current business and technical methodologies in place and determine what systemic and systemwide changes are needed before investing in emerging technologies.

Drivers and Goals

We have also grouped goals identified in the Gartner report to reflect the Board's and the Commission's priority drivers and goals of procurement transformation:

1. **Quality and Productivity.** Goals: Reduce lead times for sourcing; improve workflow management; eliminate unnecessary processes; enhance reporting capabilities; provide transparent interdepartmental and vendor access to ongoing sourcing activities.
2. **Equity and Access.** Goals: Increase the diversity of vendor pools through streamlining and simplification; enhance outreach and mentoring programs; prioritize vendors representing and serving disadvantaged and underrepresented communities; remove hurdles for participation and reduce payment delays.
3. **Cost Savings and Return on Investment.** Goals: Reduce effort spent on duplicative activities; automate low value activities; make bidding processes more competitive; enhance ease and simplicity; increase automation; improve workflow management; support working groups across departments and functions; invest in opportunities for personnel to learn and explore new and emerging cost-saving technologies that are being applied to procurement nationally.

It should be noted that ISD is in the final stages of its solicitation process for an e-Procurement system that would allow vendors to create self-service business accounts, including business

profiles, and to submit bids and proposals electronically. If implemented collaboratively and consistently across County departments, this e-Procurement system initiative should represent a major step in making the process more efficient and saving taxpayer dollars. The e-Procurement system will also provide greater transparency and accountability by making procurement data more accessible to the public. However, it is not a substitute for the systemwide transformation process that the Gartner report has identified as the first priority.

Conclusion

Attached is the final report deliverable from Gartner (Attachment A). The Commission looks forward to working with County departments and various stakeholders to further the goals and outcomes of the report and to improve the overall productivity and quality of programs and services in the County. The Commission, which formally has been pursuing procurement reform since 2019, will continue to promote and encourage procurement transformation through the Productivity Investment Fund and the Productivity and Quality Awards to support and amplify worthy innovations that emerge from the transformation initiative. The Commission also stands ready, as always, to provide technical assistance with the formulation of quality and productivity-related goals, objectives, desired outcomes, costs, and timeframes.

The Commission is grateful to the Board of Supervisors for the opportunity to work on the County's procurement modernization and transformation efforts. We appreciate the partnership with and contribution by members of the procurement workgroup (Auditor-Controller, CEO, County Counsel, ISD) and subject matter experts from participating County departments (Assessor, Economic Opportunity, Health Services, Mental Health, Public Works, Registrar-Recorder/County Clerk and Sheriff). Their feedback and insight ensure that the findings and recommendations bring the necessary change for a more efficient, effective, equitable and transformative County procurement process. If you have any questions, please let me know or your staff may contact Jackie Guevarra at jguevarra@bos.lacounty.gov.

WBP:JTG

Attachment

c: Fesia A. Davenport, Chief Executive Officer
Jeff Levinson, Interim Executive Officer, Board of Supervisors
Jeffrey Prang, Assessor
Oscar Valdez, Auditor-Controller
Dawyn R. Harrison, County Counsel
Kelly LoBianco, Director, Department of Economic Opportunity
Christina Ghaly, Director, Department of Health Services
Lisa Wong, Director, Department of Mental Health
Mark Pestrella, Director, Department of Public Works
Michael Owh, Director, Internal Services Department
Dean Logan, Registrar-Recorder/County Clerk
Robert G. Luna, Sheriff
Board Liaisons

County of Los Angeles
Procurement Modernization and Transformation
Board Motion

Attachment A

*Los Angeles County Assessment of Source-to-Settle
Practices Report*



Los Angeles County Assessment of Source-to-Settle Practices

Final Report
April 25th, 2024

Engagement Number: 330082947 | Version 3.2

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Gartner mapped recommendations to high-level business and technical areas identified in the Board Motion

On June 14, 2022, the Board of Supervisors adopted a motion with a series of directives regarding the County of Los Angeles Procurement Modernization and Transformation. The motion included a directive to engage a consultant to assist in the evaluation of current County Procurement processes and make recommendations for improvement.

Board Motion Directives	Gartner Summary Findings and Recommendations
Complete a review and analysis of the current state of the County’s procurement systems, process, and practices with the goal to modernize and transform the County’s purchasing and contracting system.	As a supplement to QPC current state discovery activities, Gartner identified several challenges that need to be addressed to achieve County modernization goals. These included 1) a lack of transparency and control, 2) manual and paper-based processes, 3) compliance and regulatory issues, 4) vendor management limitations, and 5) procurement resourcing challenges. (slides 23-31)
Delegate authority to the Executive Officer of the Board of Supervisors to execute consultant service agreement(s) with subject matter experts to assist in this endeavor.	The Quality and Productivity Commission (QPC) selected Gartner to assist with facilitating this initiative.
Based on the completed analysis, provide recommendations using emerging technical and business process improvements and innovations to make the County’s procurement of all goods and services more efficient, effective, and equitable across all departments. The recommendations should include a standardized process that ensures transparency and accountability for all County procurement efforts.	Establishment of a Transformation Program office was recommended to address transparency and accountability to lead Procurement modernization objectives. (slide 8) A Sourcing Prioritization Roadmap was developed using industry best practices to use as a guide to implement technical and business process improvements and innovations. (slide 13) Recommendations for Technical Enablement are detailed on slides 41-43. Key issues were identified to address a more efficient, effective, and equitable procurement process across all departments. These include Governance Structure, Stakeholder Engagement, Scope, Resource Capacities and Capabilities and Organizational Change Management . (slide 7)



Executive Summary



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Los Angeles County's sourcing landscape is decentralized, lacks coordination, transparency, and a strategic focus

County Challenges

An onerous legal framework, as well as antiquated technology and business processes, contribute to a sourcing ecosystem that falls well below County expectations. This systemic inefficiency and lack of predictability leaves a diverse vendor community behind, unable to manage the administrative burdens of doing business with the County.

Gartner's Project Mandate

Due to Gartner's deep experience leading procurement transformation programs (i.e., City of New York's Blueprint for Procurement Transformation*) and supporting sourcing engagements for State and Local Governments across the US, Los Angeles County engaged Gartner Consulting to provide:

- An **independent and objective analysis** of the County's current **Source-to-Settle practices** and **recommendations** to make the County's Source-to-Settle practices more **efficient, effective, and equitable** across all departments in support of the County's response to the June 2022 Board motion.

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*See the [Appendix](#) for the New York City Sourcing Modernization Case Study

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Gartner's firsthand experience shows transformations must be rigorously & carefully planned, or it may fall short of expectations

Lessons learned from New York City illustrate that a successful transformation requires the County to focus on the **end state first** and ensure **key success criteria** are planned and executed in alignment with the County's strategic goals.



Establish a County strategic priority

Will County leadership invest in the business transformation? Does it have the right level of visibility, collaboration, and authority to impact change?



Clearly communicate the case for change

Who is the County modernizing for and why? How will transparency, accountability, and equity improve?



Run as a business transformation and secure buy-in

*Is this a business-led, IT-enabled project or an IT project?
If the latter, stop and re-strategize.*



Bring the right people & partners to the table at the right time

Are internal and external stakeholders engaged and providing input? Where are the resource capability and capacity gaps, and what's the plan to address them?



Standardize and simplify your policies, procedures, and processes before implementation

Will the future state be streamlined or are you recreating the current state with modern technology?



Stress data standardization, cleansing, and conversion early

"Garbage in, garbage out"

Gartner identified significant issues that the County must mitigate to achieve its strategic goals for Equitable Sourcing



Governance

No effective governance structure is in place to make and ensure County-wide decisions. The eProcurement project is led by a single County dep't in isolation and does not effectively leverage existing County structures and networks to champion change.



Stakeholder Engagement

Communication and engagement with key stakeholders has **not** been **effective**. The **level of involvement** by County stakeholders, internal and external, in influencing the future state is unclear.



Scope

Lack of clarity on what capabilities the eProcurement project is expected to enable. **Lack of direction** regarding the **integration** between eProcurement and eCAPS.



Resource Capacity and Capability

Varying levels of procurement and contracting **skill sets** across the County. **Insufficient resources** currently supporting County Sourcing Modernization to see it through efficiently and effectively.



Organizational Change Management

Skepticism persists fueled by the eProcurement project delays and lack of transparency. Business **process and policy impacts** are not yet clear.

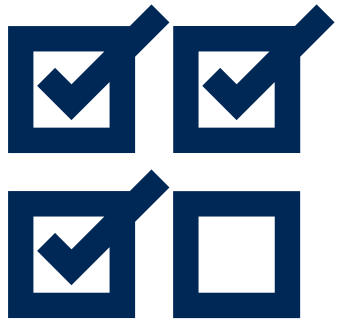
A critical first step is for the Board to designate a Transformation Program Office

- The Transformation Program Office will **lead and deliver Countywide Sourcing Modernization** as **program management** is key to maximizing the County's investments.
- An empowered Transformation Program Office **bridges the gap** between the County's sourcing modernization strategy and execution, leveraging existing decentralized structures (e.g., eCAPS Advisory Committee, Department SMEs, networks, etc.)
- The Transformation Program Office should be **elevated** and **report directly to County leadership** (i.e., Board of Supervisors/Executive Office, eCAPS Advisory Committee).
- Primary objectives include **managing** all modernization roadmap activities, **facilitating** the ongoing execution of each task/activity, and **ensuring expected benefits** of the County and its customers are **realized**.
- A **full-time Program Manager** should be assigned to manage and enable the transformation. This role should minimally possess the following traits:
 - Effective leader and transparent communicator
 - Personable, with the ability to build trust-based relationships within the County
 - Strong project and program management abilities
 - Able to influence, advocate for change, and broker consensus

Key Outcomes

- ✓ Central management and **accountability** to see through the execution of sourcing modernization activities/initiatives
- ✓ Shared understanding of **metrics** for success of sourcing modernization progress
- ✓ Structured ongoing **communication** and visibility about progress, tailored to different County stakeholders (internal and external)
- ✓ Momentum for Countywide sourcing modernization by demonstrating tangible progress and justifying needs for **resource** investments (people, funding)
- ✓ Proactive management and mitigation/resolution of **risks and issues**
- ✓ Effective organizational **change management** that enables adoption of sourcing modernization

Sample Checklist to initiate the Transformation Program Office



- ☐ **Define the Vision, Mission & Guiding Principles**
 - Objectives and Scope of Responsibilities
- ☐ **Develop Transformation Program Office Charter & Operating Procedures**
 - Governance Model
 - Functional Roles/Structure
 - Reporting Relationships (matrix vs. organizational alignment)
- ☐ **Outline Action Plan**
 - Prioritized Initiatives
 - Timeline & Resources
 - Objectives & Key Results (OKRs) / Key Performance Indicators (KPIs)
- ☐ **Secure Resources** (initial straw model based on recommendations):
 - Program Manager (full-time)
 - Policy and Process Analyst (part-time)
 - Data Analyst / Performance Dashboard Developer (part-time or matrixed)
 - Organizational Change Management Lead (full-time)
 - Other Roles (leverage existing admin teams and matrixed resources based on initiative)
- ☐ **Identify Funding Model**
 - Prioritized Initiatives (Special funds? Funded by impacted or sponsoring departments? Legacy Modernization Fund?)
 - Process for Operationalizing and Allocating Ongoing Costs (Integration Application Budget?)

Gartner identified (4) primary categories of Recommendations to Modernize County Sourcing

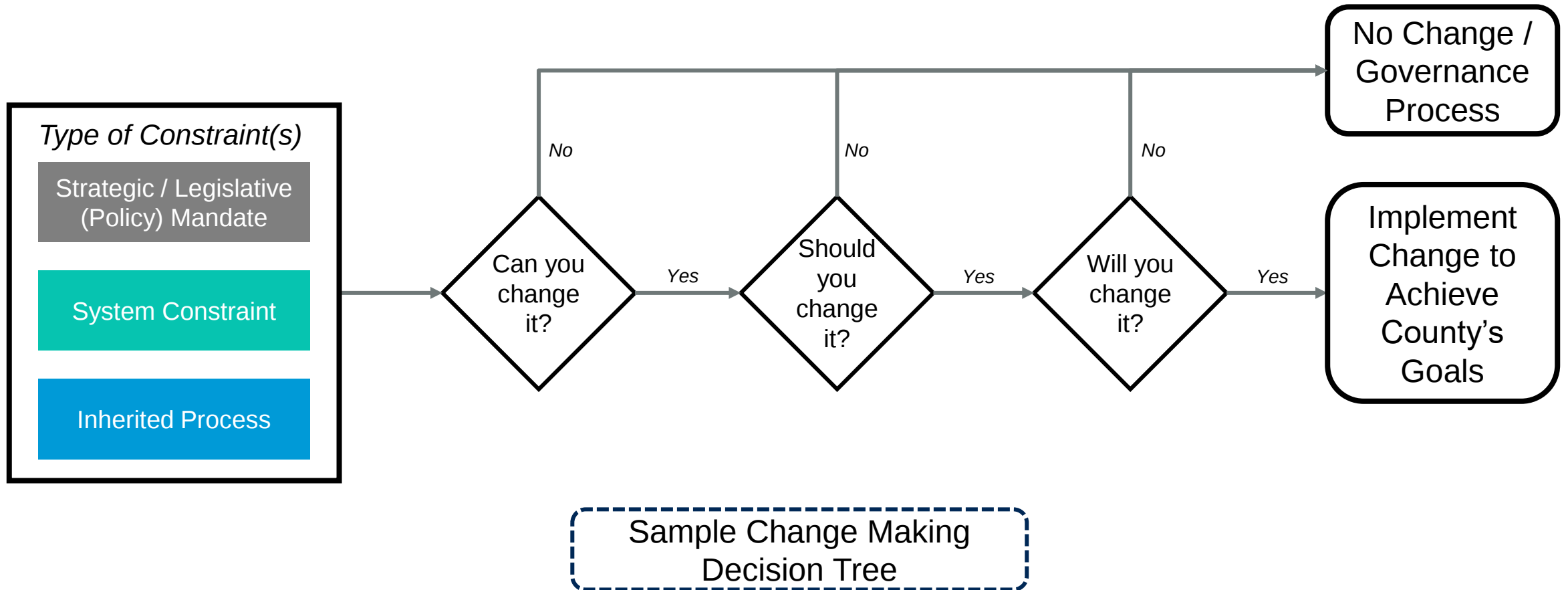


Sourcing Modernization Roadmap Activities Dashboard

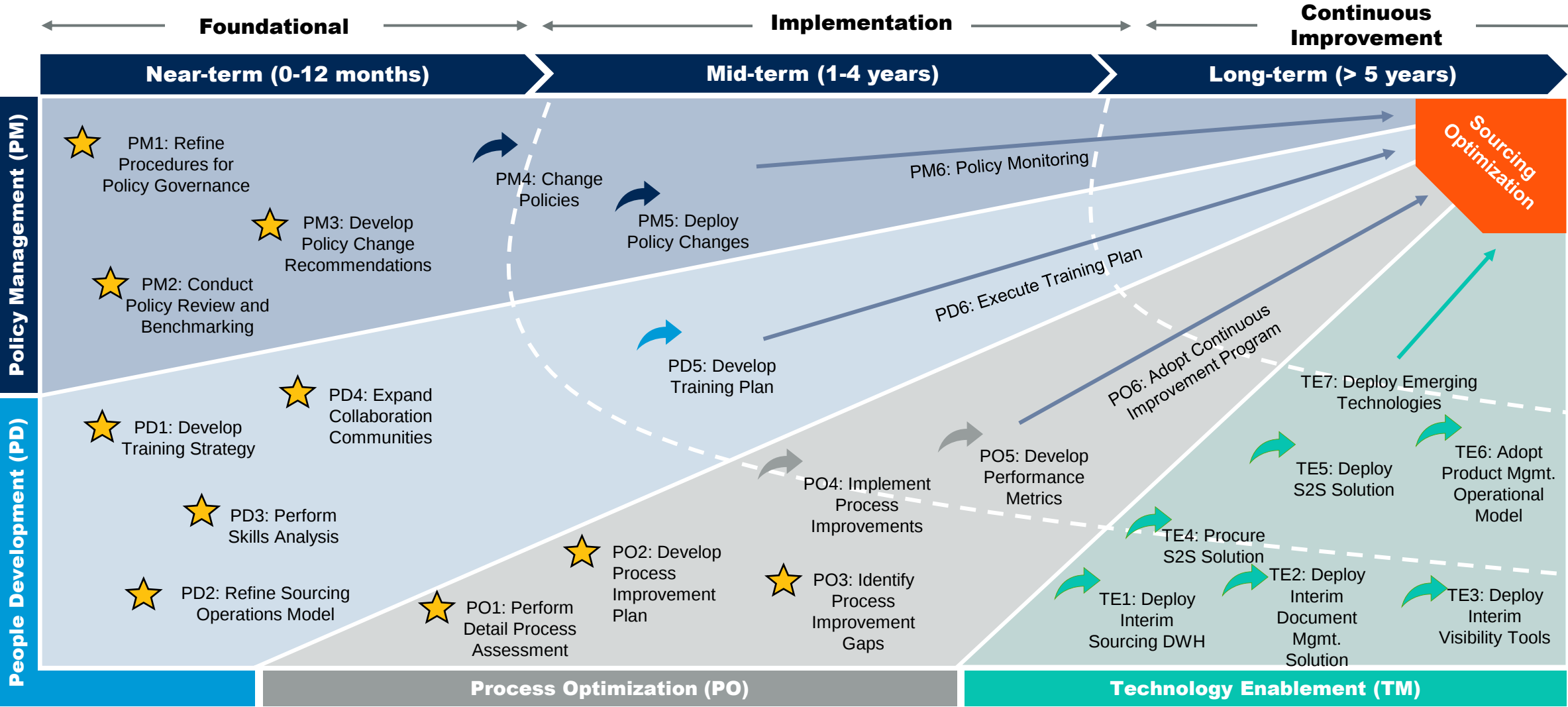
Gartner identified (10) actionable activities for the next 1-6 months

 Policy Management	 People Development	 Process Optimization	 Technology Enablement
★ PM1: Refine Procedures for Policy Governance	★ PD1: Develop Training Strategy	★ PO1: Perform Detailed Process Assessment	TE1: Deploy Interim Sourcing Data Warehouse
★ PM2: Conduct Policy Review and Benchmarking	★ PD2: Refine Sourcing Operations Model	★ PO2: Develop Process Improvement Plan	TE2: Deploy Interim Document Management Solution
★ PM3: Develop Policy Change Recommendations	★ PD3: Perform Skills Analysis	★ PO3: Identify Process Improvement Gaps Against Current Technologies	TE3: Deploy Interim Visibility Tools
PM4: Change Policies	★ PD4: Expand Collaboration Communities	PO4: Implement Process Improvements	TE4: Procure Modern Source-to-Settle Solution
PM5: Deploy Policy Changes	PD5: Develop Training Plan	PO5: Develop Performance Metrics	TE5: Deploy Modern Source-to-Settle Solution
PM6: Policy Monitoring	PD6: Execute Training Plan	PO6: Adopt Continuous Improvement Program	TE6: Adopt a Product Management Operational Model
			TE7: Deploy Emerging Technologies for Process Optimization

Adopt a decision-making framework with stakeholders to get buy-in and effect change

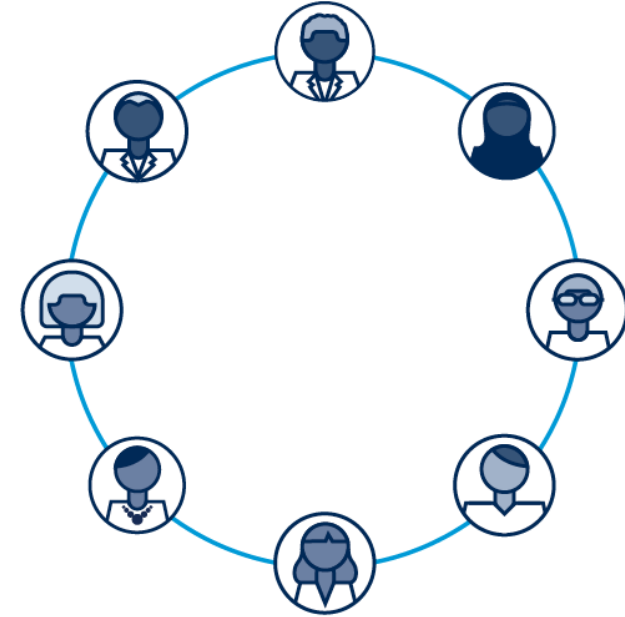


LA County Sourcing Modernization Prioritization Roadmap



Adopt Open-source Change Management using transparency, accountability, and communication to reduce resistance to change

Open-source change invites employees to co-create change strategy and emphasizes open, two-way dialogue with employees to help them navigate change



- **Engage employees as co-creators of change**
 - Invite diverse stakeholders early on
- **Exercise “talk” rather than “tell” communications**
 - Have two-way dialogue and track effect of communications
- **Encourage employee ownership of change initiatives**
 - Help employees understand and align necessary actions for change
- **Manage change as a portfolio**
 - Measure and mitigate impact of cumulative changes

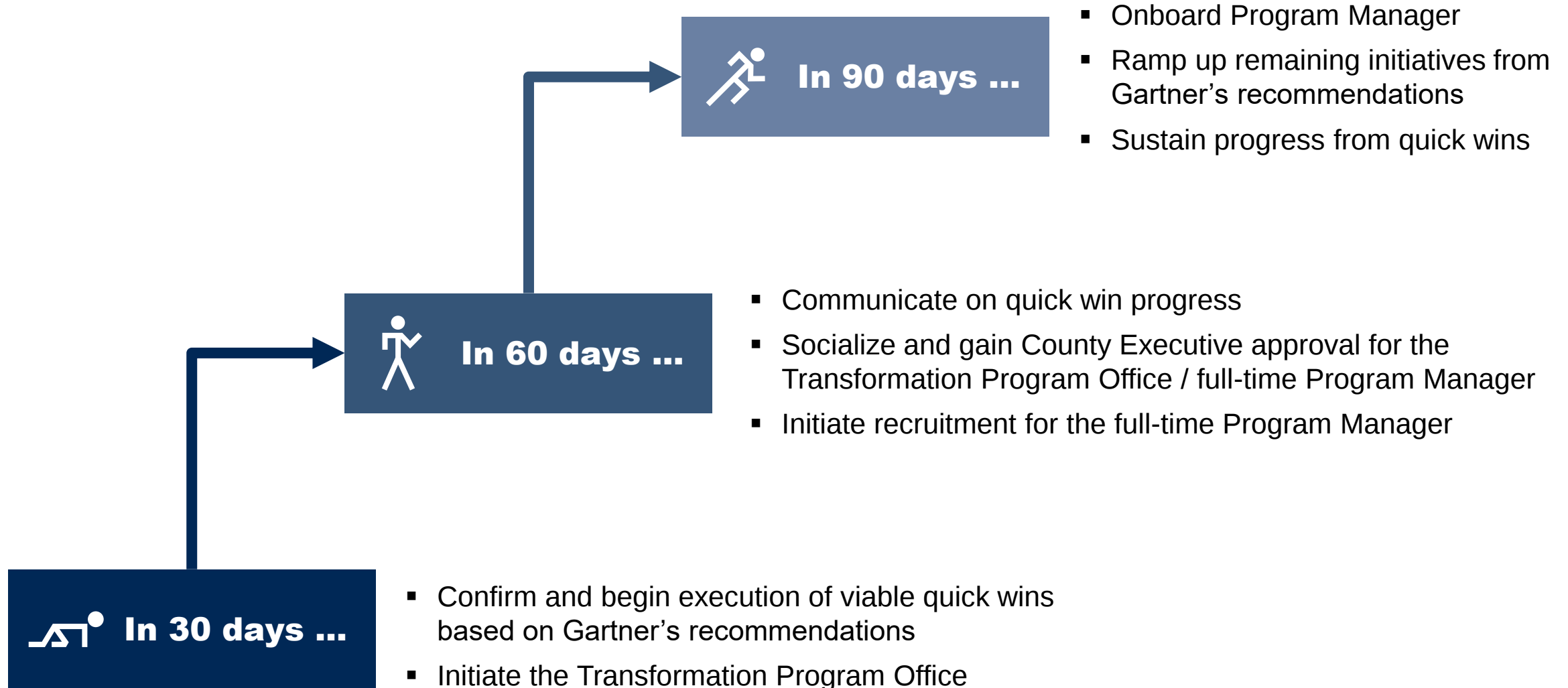
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Source: Gartner Research [G00794730](#) - “How Open-Source Change Management Helps CPOs Reduce Change Resistance”

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What next?





Project Background

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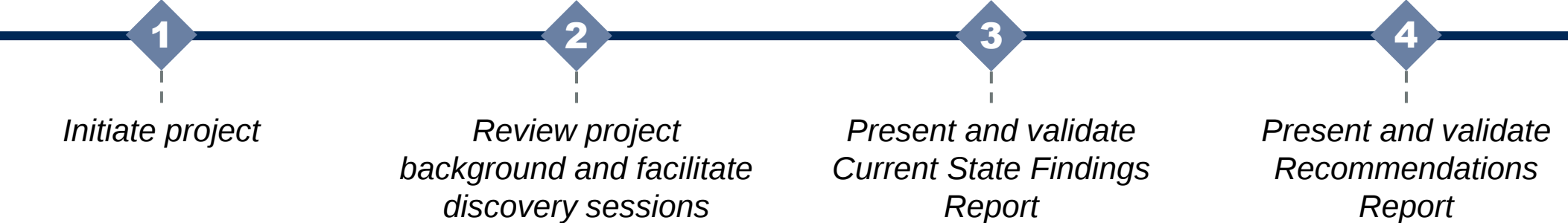
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Why was Gartner engaged?

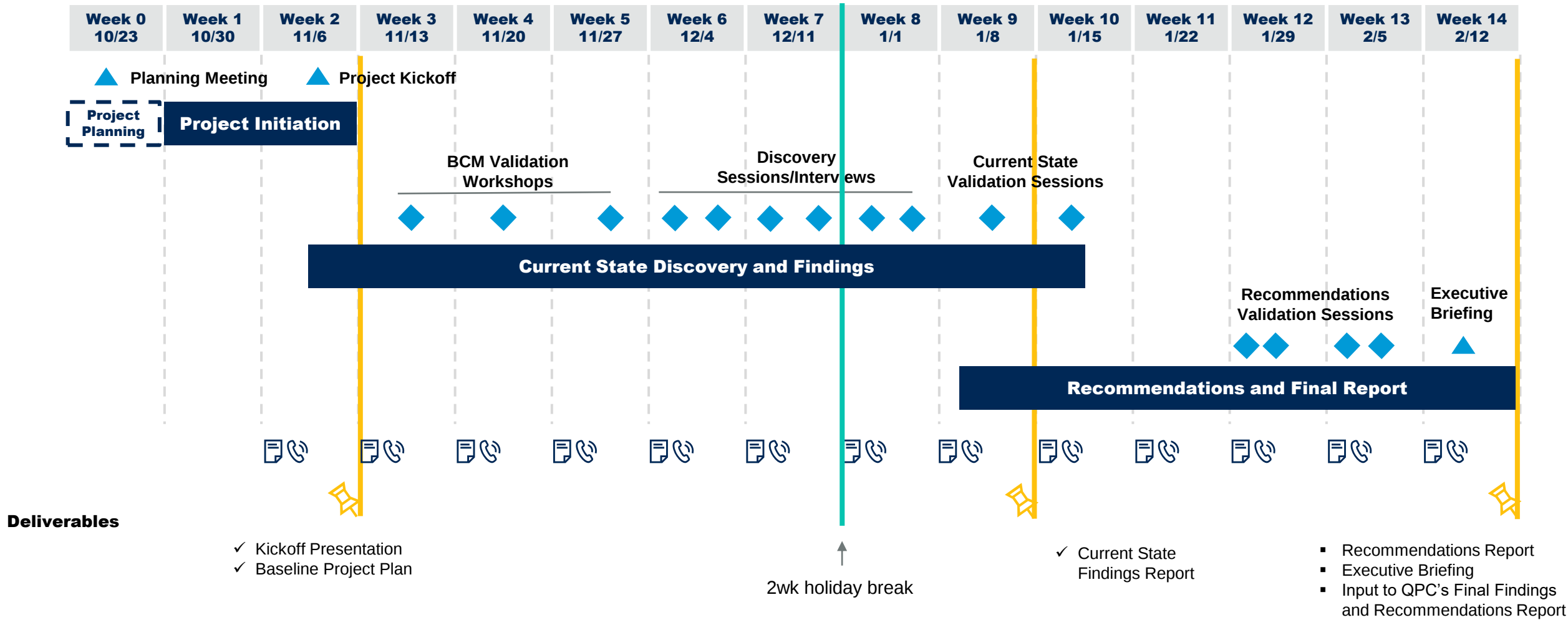
Project Background

Los Angeles County engaged Gartner Consulting to provide an **independent and objective analysis** of the County’s current **Source-to-Settle practices** and to provide **recommendations** to make the County’s Source-to-Settle practices more **efficient, effective, and equitable** across all departments in support of the County’s response to the Board’s June 14, 2022 motion.

Gartner’s Approach



Engagement Lifecycle



Gartner uses “Sourcing” or “Source” to reference the County’s procurement and contracting lifecycle for Goods and Services



Procurement

Acquiring goods and/or services through a certain process (e.g., IFB, RFQ, RFP, RSQ, Sole Source, etc.)



Purchasing

Acquiring goods of any value and services up to \$200,000 annually, under the County’s Purchasing Agent Authority



Contracting

Acquiring goods and/or services following completion of a procurement process where terms, conditions, and pricing are agreed to with vendor and a contract or PO is issued

Streamlined and Equitable Contracting and Procurement is a County priority and focus area in the 2024-2030 Strategic Plan

North Star 3

Realize tomorrow's government today.

The increasingly dynamic and complex environment challenges our collective abilities to respond to public needs and expectations. LA County is an innovative, flexible, effective, and transparent partner focused on advancing the common good and being fiscally responsible.

+ Communication & Public Access

▼

+ Diverse & Inclusive Workforce

▼

+ Equity-Centered Policies and Practices

▼

+ Streamlined and Equitable Contracting & Procurement

▼

+ Data-Driven Decision Making

▼

+ Flexible & Efficient Infrastructure

▼

+ Internal Controls & Processes

▼

FOCUS AREA GOAL

D. Streamlined and Equitable Contracting and Procurement: Implement streamlined and more equitable contracting and procurement systems and opportunities.

STRATEGIES

i. **Accountability and Equity:** Strengthen the County's capacity to detect and avoid conflicts of interest in contracting and procurement processes, and create more equitable access.

ii. **Modernize Contracting and Procurement:** Modernize the contract and procurement process to decrease timelines and increase the efficiency of awarding contracts and procurements.

Several Motions were passed in support of Sourcing Modernization

Board Motion/Reports	Goal
Digital and Streamlined Contracting Board Motion (Item 20 9-29-2020)	Review and assess potential cost-saving solutions to identify opportunities to increase collaboration and productivity, maximize value from existing contracts to enable telework, and survey use of all department legacy systems to transition to modern systems.
Equity in County Contracting Board Motion (Item 30, 4-20-2021)	(6) ECC Directives were established to address the need to explore strategies which enhance contracting and procurement opportunities for small, local, and emerging businesses, community-based organizations (CBOs), and non-profit entities to foster inclusiveness, diversity, and economic development.
Equity in County Contracting Board Motion (Item 30, 4-20-2021) CEO Report Back 8-20-2021	Identified multiple improvement opportunities for smaller community-based organizations in selling to the County and modernize contracting.
Equity in County Contracting Board Motion (Item 30, 4-20-2021) DCBA Report Back 8-20-2021	This report addressed the Board's ECC directives by providing background on elements of the directive, current programs and processes relevant to the directives, and recommendations to increase equity in the County's procurement for each directive.
Equity in County Contracting Priority Strategies Board Motion (Item 4, 8-9-2022)	Established directives to transform the County's procurement policies, practices, and culture: 1. Establish a centralized ISD contracting and procurement office with DEO, 2. Remove barriers for small and diverse business participation, 3. Expand the prompt payment program to include certified DVBES and SEs, 4. Report on procurement data, 5. Codify utilization goals, 6. Pilot program for \$100,000 SAP, 7. Pilot annual automatic contract advances
Sixth Report on Digital and Streamlined Contracting and Auditing for LA County (Item No. 20 9-29-20) (Dated 12-23-2022)	In 2022, the Legacy Modernization Fund (LMF) provided \$13.5 million in funding to replace/modernize seven legacy systems. An additional six projects with a total funding forecast of \$45.2 million was identified, including the eCAPS replacement/modernization.

Identified County's Sourcing Objectives

Greater Transparency and Visibility

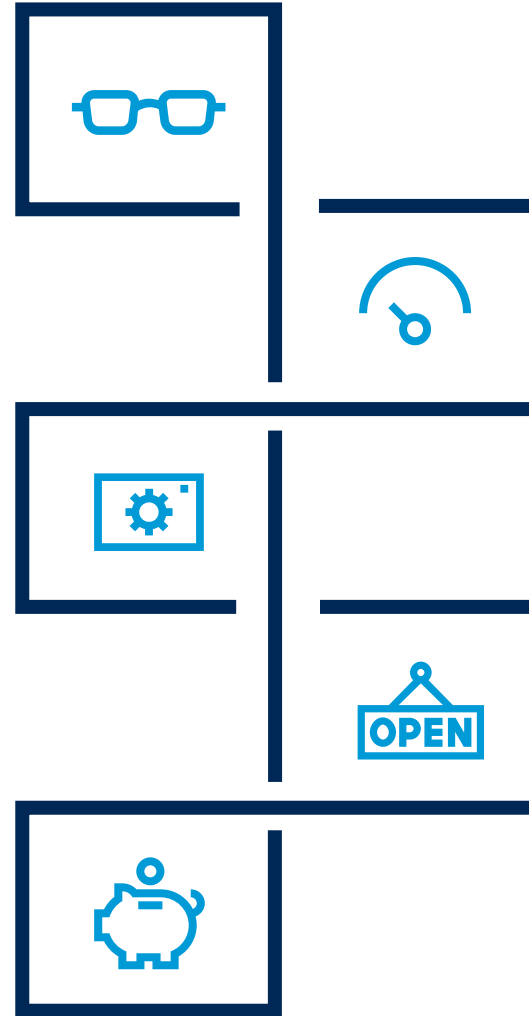
- Enhanced reporting capabilities
- Allow personnel access to information regarding ongoing sourcing activities

Enhanced Modern User Experience

- Increase automation
- Better workflow management
- Better catalog management and e-commerce like experience

Cost Savings

- Reduce effort spent on duplicative activities
- Automate low value activities
- Make bidding process more competitive



Improved Speed and Efficiency

- Reduce lead times for sourcing
- Improved workflow management
- Eliminate unnecessary processes

Increased Equity and Participation of Small, Local, and Diverse Businesses

- Remove hurdles for participation
- Improve prompt payment



Current State Key Findings



Data was gathered from a variety of sources to evaluate LA County’s current Source-to-Settle practices



Gartner Source-to-Settle Journey Map Phases



*List of Departments in Appendix

Stakeholders identified multiple critical Sourcing Pain Points common across departments

Extended Timelines

It can **take years** to get a project initiated **after** funding has been approved

Small Business Barriers

Small business/MWBE vendors often incur **payment delays**, requiring invoices to be **stamped** to expedite payment

Culture

LA County is highly **risk averse!**

Knowledge Mgmt. Limitations

We are **unable to search our system** for instances of similar services **already procured** and who we are working with

Complex Processes

We often spend significant time determining **how to proceed**: procurement, existing contract? Do we control the contract? Do we have delegated authority?

Manual Interventions

If we need to **modify** purchasing terms and conditions, we include **notes in the PO**, which can lead to **mistakes or inconsistencies**

Restrictive Controls

Unlimited liability, indemnification, and insurance **requirements**, tend to **dis-enfranchise vendors** and makes the landscape **less competitive**

Reporting Constraints

When the Board **requests spending data** we must **reach out** to department contacts or send surveys

Gartner's discovery identified several current state challenges that will need to be addressed to achieve the County's goal

3. Compliance and Regulatory Issues

Difficulties in understanding County regulations and internal policies

2. Manual and Paper-Based Processes

Dependency on manual tasks and paperwork, leading to inefficiencies

4. Vendor Management

Managing and mitigating risks, including MWBE equitable spend, associated with suppliers and their performance

1. Lack of Transparency and Control

Inability to effectively track and monitor procurement processes using transparent and accountable methods

5. Resourcing Challenges

Numerous barriers limit the effectiveness of County sourcing staff



County personnel have Limited Visibility into past or ongoing sourcing activities to make more timely and effective decisions

Search and Reporting	<i>There is little transparency on critical information such as awards, vendors, and offerings, resulting in a poor client experience and less competitive awards</i>
Status Visibility	<i>Client departments lack visibility into the status of ongoing activities, forcing manual communications with central departments to get needed status updates</i>
No Central Repository	<i>There is limited visibility on existing contracts to help during negotiations, resulting in some departments having less favorable terms</i>
Institutional Knowledge	<i>Departments are highly siloed and do not share knowledge on contracts, commodities, or vendors for best practices</i>

Many Manual or Paper-based Processes causing delays or are prone to human error

Lack of Automation	Departments must execute manual processes before starting sourcing journey in eCAPS, resulting in duplication of effort with the potential for human error
Lack of Contract Module	Contract creation and management are done in disparate legacy tools, reducing traceability of documents and causing loss of productivity
User Workarounds	Sourcing activities are tracked manually or through shadow systems, reducing productivity, and visibility for stakeholders and adding duplicate work
Payment Inefficiencies	Some payment processes are done manually both by the County and Vendors, requiring additional labor and time from department staff

Numerous Processes, Policies, and Procedures are complex and occasionally conflicting or unnecessary

Multiple Paths for Sourcing	<i>Sourcing is executed through several vehicles, there is limited standardization, resulting in expending time and effort to determine correct path</i>
Inflexible Processes	<i>County procedural requirements are applied in a one size fits all manner, limiting sourcing capability of many departments</i>
Restrictive Terms and Conditions	<i>County terms and conditions are applied uniformly regardless of complexity or risk of sourcing activity, adding hurdles to small businesses' /MWBE participation</i>
County Policies	<i>Legacy Board procedures have been in place for decades, creating arduous hurdles and delays during sourcing</i>

The County does not have centralized or strategic Vendor Management capabilities

Search and Reporting

eCAPS lacks centralized reporting on awards by vendors, services, and commodities, requiring the information to be manually collected

Out of Date Vendor Information

The current vendor database has inactive vendors, inaccurate information, or lacks vendors' latest offering, resulting in wasted effort

No Central Repository

Departments manage vendor documents, contracts, and purchase orders in separate systems, leading to duplicate requests and wasted time

Departmental Sourcing Personnel are not all specialists, thus many are reliant on Centralized Sourcing Experts

Centralization of Specialists

Central departments have specialized sourcing expertise, causing delays during sourcing if central departments are short staffed

Lack of Training

Some staff have inadequate training for complex activities like delegation, business rules, and bidding, resulting in less-than-optimal outcomes for LA County

Knowledge Management

Some departments have high staff turn over causing loss of institutional and sourcing knowledge because there is no formal centralized knowledge base



Recommendations



Key Initiatives were Identified within each Sourcing Category



Policy Management

- *Refine Countywide policy Governance Framework*
- *Expand Review and Benchmarking of existing policies*
- *Recommend, Change and Deploy policy changes*
- *Continually Monitor and Modify policies as required*



People Development

- *Develop Training Strategy and perform Skills Analysis*
- *Refine sourcing Operating Model*
- *Expand Sourcing Collaboration Communities*
- *Develop and execute Training Plan*



Process Optimization

- *Assess current processes and identify Improvement Plan*
- *Identify current process improvement Gaps*
- *Implement identified process improvements*
- *Develop Metrics & adopt Continuous Improvement Program*



Technology Enablement

- *Deploy Interim Solutions for key Pain Points*
- *Procure and Deploy Modern Source-to-Settle Solution*
- *Adopt sustainable Product Operations Model*
- *Deploy Emerging Technologies for Process Optimization*

Policy Management (PM) Activity Details (1 of 3)

Activity	Description	In Progress County Efforts	Expected Results	Est. Duration
 PM1: <u>Establish Procedures for Policy Governance</u>	Develop a governance structure and operating model to monitor effectiveness of County sourcing policies and procedures for review and update outdated policies and procedures	County has Audit Committee, staffed by individuals from each Board office, that reviews recommended policy and procedural changes from departments before they are placed on the Board's agenda for review and approval	- Up to date sourcing policies and procedures Work Products: Policy Governance Charter and Operating Governance	8 weeks
 PM2: <u>Conduct Policy Review and Benchmarking</u>	Evaluate County policies and procedures related to sourcing and conduct comparative benchmarks to determine areas for revisions that provide benefit to the County while managing risk and cost Areas of Consideration: - Increase delegated authority and Board approval limits in accordance with inflation - Increase solicitation criteria limits in accordance with inflation - Reduce the burden on Preferred Preference Enterprise (PPE) vendors seeking to contract with the County (e.g., insurance, Terms and Conditions, etc.) - Consider including services as part of master agreements with group purchasing organization - Allow delegated authority to apply to individual facilities instead of department level, for larger departments	- County Departments and County Counsel routinely review policies and make recommendations to the Audit Committee and the Board regarding which requirements to sunset - ISD has recommended (ISD Report Back on Strengthening LSBE Preference Program Nov. 22, 2023) legal and legislative modifications as part of its Procurement Transformation - County has a board motion (Equity in County Contracting Board Motion Apr. 20, 2021) directing CEO, in consultation with other departments, to reduce legal and financial requirements for small CBOs	- A thorough review of the County's sourcing policies and procedures benchmarked against peers and industry best practices Work Products: Policy Benchmark Study	12 weeks



Policy Management (PM) Activity Details (2 of 3)

Activity	Description	In Progress County Efforts	Expected Results	Est. Duration
 PM3: <u>Develop Policy Change Recommendations</u>	Create a set of recommendations and roadmap to modernize County sourcing policies and procedures	- County Departments and County Counsel routinely review policies and make recommendations to the Audit Committee and the Board regarding which requirements to sunset - ISD has recommended (ISD Report Back on Strengthening LSBE Preference Program Nov. 22, 2023) legal and legislative modifications as part of its Procurement Transformation	- A set of actionable recommendations to modernize the County's policies and procedures Work Products: Policy Changes Action Plan	4 weeks
PM4: <u>Change Policies</u>	Create a detailed plan to define and implement policy changes as identified	- County Departments and County Counsel routinely review policies and make recommendations to the Audit Committee and the Board regarding which requirements to sunset - ISD has recommended (ISD Report Back on Strengthening LSBE Preference Program Nov. 22, 2023) legal and legislative modifications as part of its Procurement Transformation	Ineffective policies and procedures are modernized to direct best-in-class operations	6-24 months



Policy Management (PM) Activity Details (3 of 3)

Activity	Description	In Progress County Efforts	Expected Results	Est. Duration
PM5: Deploy Policy Changes	As the policy changes occur, creating the plan and implementing the changes into day-to-day operations		▪ Day-to-day operations seamlessly evolve as policy changes are implemented	6 months
PM6: Policy Monitoring	A process defined for continually monitoring sourcing policies and procedures		▪ A set of policies and procedures that are updated as market changes and departmental operations mature	Ongoing



People Development (PD) Activity Details (1 of 2)

Activity	Description	In Progress County Efforts	Expected Results	Est. Duration
 PD1: Develop Training Strategy	Document that provides a foundation for the County wide development of sourcing staff. The Strategy outlines the objectives, approach, governance, tools, of the training program Areas of Consideration: ▪ Provide central training on complex activities such as writing SOWs or contracts and evaluating submitted proposals ▪ Conduct regular central training to mitigate effects of staff turn over ▪ Enhance central sourcing knowledge management and job aides	▪ Regular training of sourcing staff was recommended as party of Equity in County Contracting Priority Strategies Board Motion (Aug. 9, 2022)	▪ An understanding of the approaches that will be used to educate and train the County's sourcing staff ▪ Work Products: Sourcing Training Plan	8 Weeks
 PD2: Develop Sourcing Operations Model	Document detailing how the decentralized sourcing organization will execute its tasks. Includes structure, roles, responsibilities, decision-making, tools, and ways of working to better organize County wide sourcing	▪ ISD is establishing a centralized contracting and procurement office	▪ Strategically aligned organizational structure that will document how the County executes sourcing activities in a central directed/locally executed model ▪ Work Products: County Sourcing Operations Model	12 weeks
 PD3: Perform Skills Analysis	A detailed assessment to determine if existing staff have the training and skills necessary to perform their duties		▪ An understanding of the sourcing competencies necessary to optimally perform the County's sourcing tasks, by role, and the extent that the exiting staff possess and perform those competencies. ▪ Work Products: County Sourcing Skills Assessment	12 weeks

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People Development (PD) Activity Details (2 of 2)

Activity	Description	In Progress County Efforts	Expected Results	Est. Duration
 PD4: <u>Establish Collaboration Communities</u>	The design, development, and deployment of a formal and informal organization structure where participants work together to share ideas and best practices Areas of Consideration: ▪ Establish formal group/s with regular meeting cadence ▪ Create an informal group (e.g. Teams Channel) where knowledge about sourcing best practice can be shared	▪ ISD is establishing a centralized contracting and procurement office	▪ The establishment of communication channels to share best practices and operational support ▪ Work Products: Collaboration Communities Strategy and Plan	10 weeks
PD5: <u>Develop Training Plan</u>	The detailed activities, tasks, durations and dependences needed to develop the sourcing staff based on the training strategy and skills assessment		▪ Documentation of the additional training activities needed to enhance the skills and competencies of the County's Sourcing staff ▪ Work Products: County Sourcing Training Plan	8 weeks
PD6: <u>Execute Training Plan</u>	The execution of the training plan and the ongoing continuous improvement of the County's sourcing staff skills		▪ A trained and capable sourcing staff able to grow as the County's sourcing model changes	Ongoing



Process Optimization (PO) Activity Details (1 of 2)

Activity	Description	In Progress County Efforts	Expected Results	Est. Duration
 PO1: <u>Perform Detailed Process Assessment</u>	Create detailed as-is process workflows documenting the steps, volumes and durations of each sourcing process Areas of Consideration: ▪ Reduce the number of intra-departmental approvals where applicable to streamline sourcing processes ▪ Consolidate sourcing vehicles where duplicative objectives are being achieved (e.g. IFB, RFQ, etc.) ▪ Create mechanism for non-emergency and simple sourcing of commodities from non-registered vendors ▪ Reduce and standardize requirements(e.g., lead time to get on BOS Agenda, thresholds for submitting a board letter, etc.) for Board approvals	▪ ISD is conducting business process mapping of County’s sourcing activities and plans to engage with all County Departments	▪ Current state end to end (inclusive of intra-departmental) processes fully documented, and pain points identified ▪ Work Products: As-is Process Models	16 weeks
 PO2: <u>Develop Process Improvement Plan</u>	Based on the as-is process flows create documentation for immediate, near-, mid-, and long-term opportunities for process improvements Areas of Consideration: ▪ Identify changes in processes for future state S2S system capabilities ▪ Look for opportunities for automation and streamlining of processes		▪ Immediate, near, mid-, and long-term opportunities for process improvements documented with action plan to improve County processes ▪ Work Products: Process Improvement Plan	4 weeks

Process Optimization (PO) Activity Details (2 of 2)

Activity	Description	In Progress County Efforts	Expected Results	Est. Duration
★ PO3: <u>Identify Process Improvements Gaps Against Current Technologies</u>	Identify process improvement gaps and opportunities to be corrected using existing County assets		- Improved processes utilizing existing assets Work Products: Process Gap Analysis	12 weeks
★ PO4: <u>Implement Process Improvements</u>	Develop and execute plan for implementing improvement opportunities.		Immediate and near turn opportunities to improve processes implemented.	24 weeks
PO5: <u>Develop Performance Metrics</u>	Develop performance management framework, to identify, record, track, and monitor KPIs, metrics, and measures to improve sourcing operations		- A set of performance metrics to monitor performance developed and executed Work Products: Performance Management Framework	16 weeks
PO6: <u>Adopt Continuous Improvement Program</u>	Develop and deploy a set of procedures to continuously evolve the County's sourcing operations		Assigned resources to continually monitor and adjust County sourcing operations	Ongoing

Technology Enablement (TE) Activity Details (1 of 3)

Activity	Description	In Progress County Efforts	Expected Results	Est. Duration
TE1: Interim Sourcing Data Warehouse	The design, development, and deployment of a centralized data warehouse to collect, store, and access all historic sourcing data. This would ideally be accomplished using an existing County application.	County currently has a Data Warehouse that it can configure and use for centralization of sourcing data	- A centralized repository of all sourcing related data and information for ease of access and visibility Work Products: Sourcing Data Warehouse	12 months
TE2: Interim Document Management Solution	The activities associated with the assessment of document management requirements and the design and deployment of an appropriate document management solution to meet County sourcing immediate, mid-, and long-term needs. This would ideally be accomplished using an existing County application. Areas of Consideration: - Centrally store contracts to be accessible by sourcing staff - Create standardized intra-departmental forms for sourcing - Allow for improved team collaboration	County could utilize its collaborative tools as a potential option for a centralized repository, giving access to sourcing staff from all departments	- An enterprise-wide Document Management strategy and resulting modern sourcing document management repository to address sourcing's collect, store and access County sourcing document and collaboration needs. Work Products: Sourcing Document Management Strategy and Repository	12 months
TE3: Interim Visibility Tools	The design, development, and deployment of a centralized set of tools to improve access and visibility to sourcing data. This would ideally be accomplished using an existing County application.	- County currently has a Data Warehouse that it can configure and use for centralization of sourcing data - County could leverage data visualization tools to assist its sourcing staff with visibility	- A set of tools and processes for managing and granting access to sourcing data. Work Products: Sourcing Data Access Strategy and Visibility	12 months

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Technology Enablement (TE) Activity Details (2 of 3)

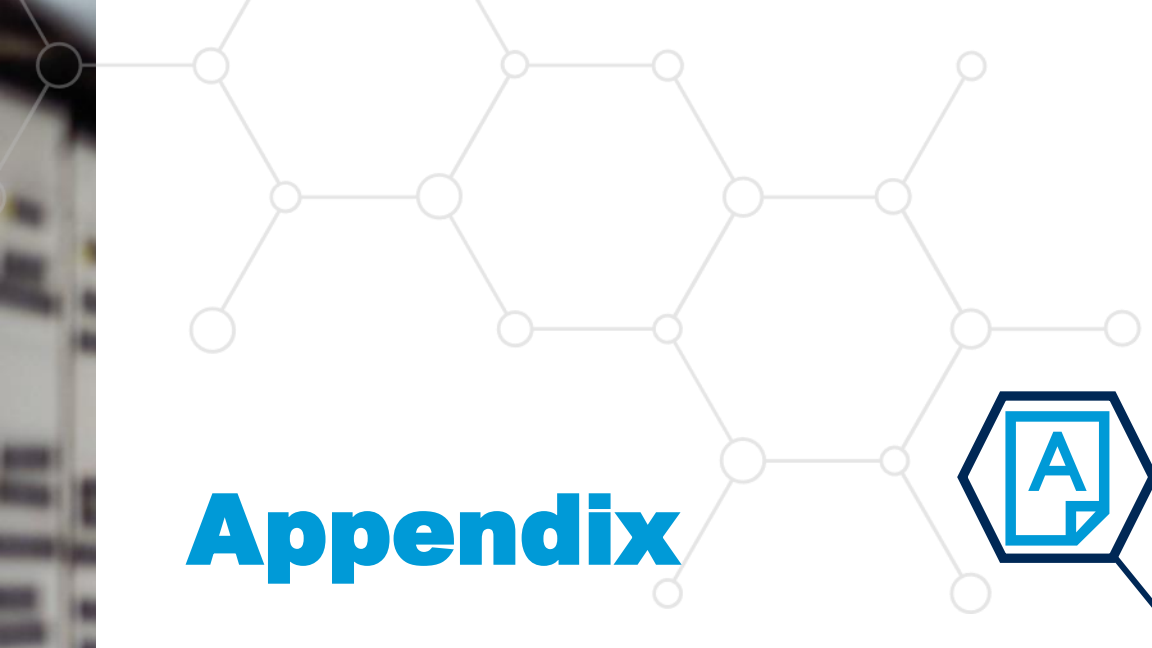
Activity	Description	In Progress County Efforts	Expected Results	Est. Duration
TE4: Procure Modern Source-to-Settle Solution	The activities associated with developing requirements for and acquisition of a best-in-class Source-to-Settle solution Sample Key Capabilities: ▪ Punch out catalog ▪ Self-service search and reporting ▪ Visual dashboards ▪ Integrated Contract Life Cycle Management ▪ Integrated Vendor Life Cycle Management ▪ Robust Inventory Management ▪ Robust access management ▪ Configurable workflow and notification management ▪ Compliance management	▪ ISD is currently engaged in procuring an e-Procurement solution ▪ Auditor-Controller has updated the Board (Tenth Report on Digital and Streamlined Contracting and Auditing for LA County Sept. 29, 2020) on Dec. 29, 2023 that it has negotiated an amendment to CGI contract to provide technical support for 10 years and upgrade the ERP applications to supported versions	▪ An efficient and effective sourcing process resulting in the acquisition of a best-in-class Source-to-Settle solution ▪ Create roadmap to implement and delineate Source-to-Settle capabilities between selected e-Procurement and CGI ERP systems ▪ Work Products: Procurement of a modern Best-in Class Source-to-Settle solution	6 months
TE5: Deploy Modern Source-to-Settle Solution	The implementation and deployment of the procured Source-to-Settle solution		▪ Improved operations based on the deployment and adoption of a best-in-class S2S solution ▪ Deliverable: Modern Best-in Class S2S solution	48 months



Technology Enablement (TE) Activity Details (3 of 3)

Activity	Description	In Progress County Efforts	Expected Results	Est. Duration
TE6: Adopt a Product Management Operational Model	The activities associated with the design, implementation, and ongoing support of a best practice operational model to facilitate the County's Centrally directed, Locally executed operations		- Improved operations to execute the processes deployed in the modern Best-in Class S2S solution Work Products: Sourcing Operational Model	4 months
TE7: Deploy Emerging Technologies for Process Optimization	The identification and deployment of AI, ML, RPA, advanced analytics and other technologies to optimize County sourcing operations		Continual improvement of the County's sourcing operations based on the evolving of the enabling technologies in support of the continuous improvement of the County's sourcing processes	Ongoing





Appendix

- **Detailed Current State Findings**
- **NYC Case**
- **Source-to-Settle Best Practices – Gartner Research**
- **Delegated Authority Threshold by County Department**
- **County Departments Interviewed**
- **Acronym Glossary**





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Detailed Findings for Strategic Sourcing



People

- Departmental sourcing personnel are in many cases not as specialized as ISD resources
- Many departments expressed challenges with high turn over and openings due to promotions
- New sourcing personnel require extensive training and time to come up to speed on existing processes and tools
- There is no central training program for new sourcing staff
- Departments are highly siloed with varying degrees of sourcing maturity
- Sourcing activities are prone to human error due to dependencies on manual processes, creating delays and inconsistencies
- Challenges with recruitment at all levels



Process

- Many departments spend significant amounts of time determining appropriate processes
- Bidding thresholds within a department's delegated authority for purchasing are very low and have not been updated in many years
- Delegated authority thresholds for purchasing have not been updated in many years, adding pressure to centrally servicing departments resources
- Existing delegated authority rules create challenges for time-sensitive initiatives
- There is limited flexibility for authorizing less complex acquisitions to be streamlined (one size fits all)
- A lack of standardization across departments causes duplication of efforts
- Risk control measures are applied across the board without consideration of circumstances



Technology

- eCAPS is inflexible and requires a requisition to start over if any information needs to be added or modified; workarounds have been put in place that increase the time and labor involved
- Some departments have their own independent systems and solutions, some of which do not integrate with eCAPS, while some departments make up the gap with additional manual processes
- Vendors must submit multiple duplicative documents when responding to bids, no central repository of information on critical documents
- Search functionality for commodities codes is very difficult, requestors and vendors want intuitive ecommerce type experience (especially for goods)
- Vendors do not always pick the right codes, since there are thousands, when registering for what they can offer, results in less competitive bids as the correct vendors are not notified
- Most of demand generation or replenishment is done manually

Detailed Findings for Source Goods and Services



People

- High level of institutional and technical knowledge is required to write SOWs for both goods and services
- Board Approvals are complex and time consuming
- Larger vendors often push back on terms, creating delays in the process, although terms typically remain static
- Establishing contracts is lengthy forcing many departments to be more tactical and go through purchasing route, to long term detriment of the County
- Centralized departmental bottlenecks result in client departments competing for attention
- There is lack of standardization of evaluation methodology for complex sourcing projects, not all personnel are adequately trained



Process

- Sourcing requiring Board letter was established +20 years ago, more and more requests need to go through BOS, adding 12 to 20 weeks to sourcing timeline
- Departments cannot pool their sourcing to take advantage of bulk purchase incentives
- It is difficult to create all requirements of a solicitation up front, there is little flexibility in the process
- Contracts are not consistent across departments; some departments might be getting more unfavorable terms than others
- Smaller vendors and acquisitions are required to meet the same terms and conditions as larger vendors and more complex acquisitions
- Many departments find ISD's target of 30 days for less complex sourcing as too long
- Sourcing of goods generally goes to lowest bid and has little flexibility for picking best value
- ISD contracts are capped at 5 years, however many departments desire longer term contracts for cost effectiveness



Technology

- There is limited visibility as to what other departments are buying
- Contracts are managed and stored differently within each department outside eCAPS
- Some contracts have been destroyed and information has been lost, because they were past retention date
- Stakeholders from County Counsel do not have access to eCAPS and must rely on other departments for information
- eCAPS has limited workflow management, notifications, or automation to reduce human error

Detailed Findings for Manage Payments



People

- Vendors register incorrectly in eCAPS by not properly setting up seller's permit, requiring time and effort to research with vendor and confirm whether sales tax should be paid to vendor



Process

- Inability to pay unregistered vendors discourages the County from working with smaller businesses that do not see value in selling to L A County



Technology

- Limited visibility to sourcing information, so vendor sends invoices to the incorrect person
- There is no visibility on status of payments, requires manual follow up
- Hold backs and award amounts are not in eCAPS and are managed manually by each department
- Payments for small businesses involve manual processes, causing delays
- Some vendors are still receiving paper checks instead of being set up on EFT (Electronic Funds Transfer)
- Three-way match is done manually via human inspection, causing delay in payments because some departments need more staff to process payments

Detailed Findings for Manage Vendor Relationships



People

- Vendor information is not up to date, current list contains inactive vendors that are not identified until an RFQ is sent

Process

- There is hesitance to bring up vendor’s past performance as LA County evaluation criteria is interpreted to be based on the contents of the submitted proposal only
- Lack of centralized vendor management

Technology

- Vendor score is not available universally, only if a department is aware of bad performance by a vendor can they withhold RFP
 - County uses a system called CARD (Contractor Alert Reporting Database)
- County lacks cohesive reporting on what is being awarded and sourced, each department needs to share the information independently
- eCAPS lacks vendor management capabilities (e.g., reports, document management, self-service capability, etc.)



Appendix

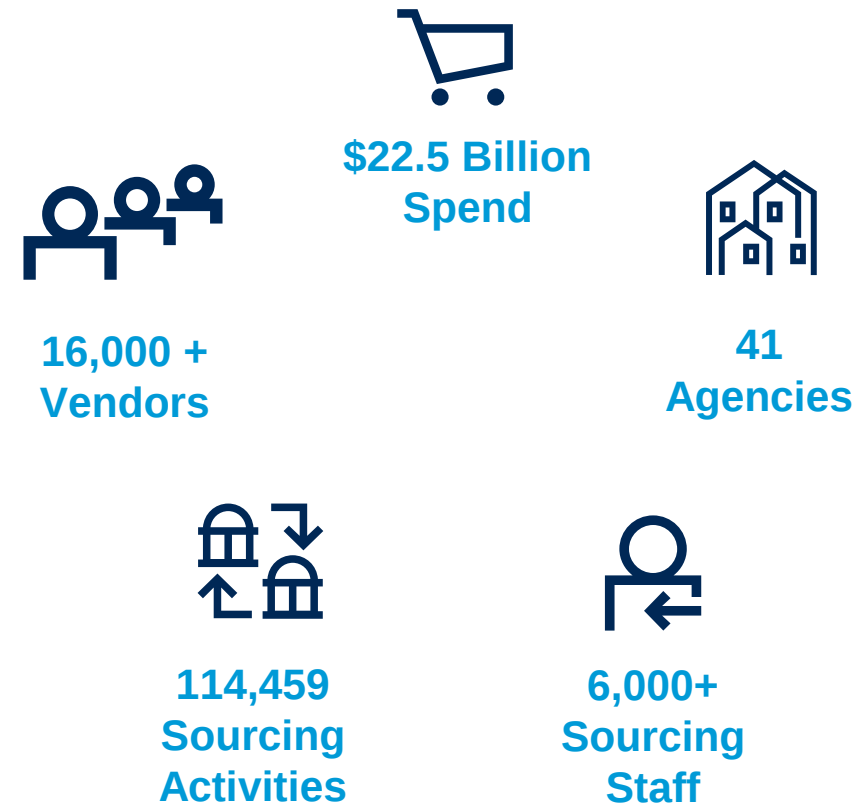
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NYC struggled with Procurement Processes prior to Modernization

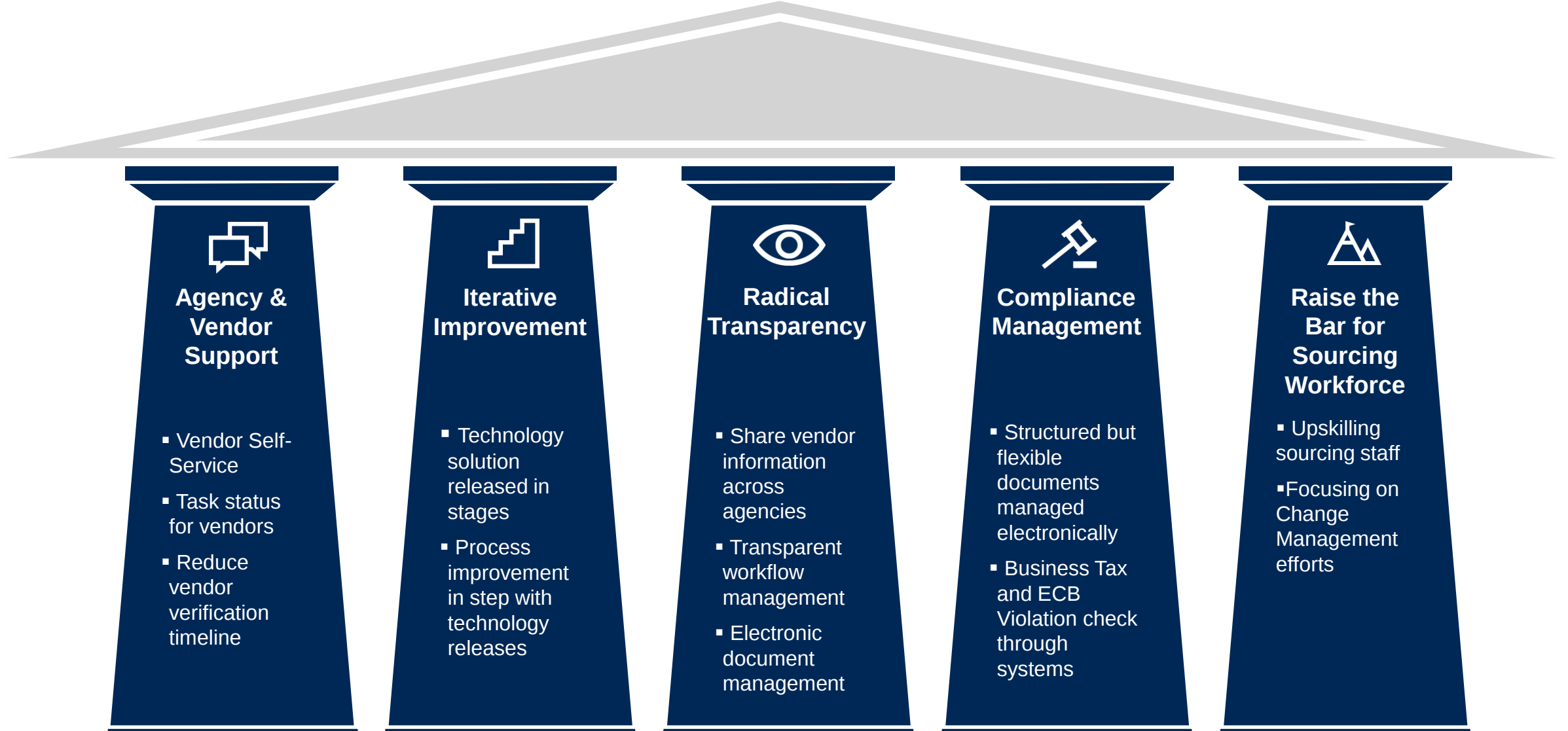
Challenges

- Significant sourcing lead times
- Highly complex processes
- Restrictive control of sourcing activities
- Reliance on manual procedures due to legacy technology
- Numerous challenges for nonprofit and minority/women-owned businesses

Context



NYC utilized 5 Guiding Principles for Modernization



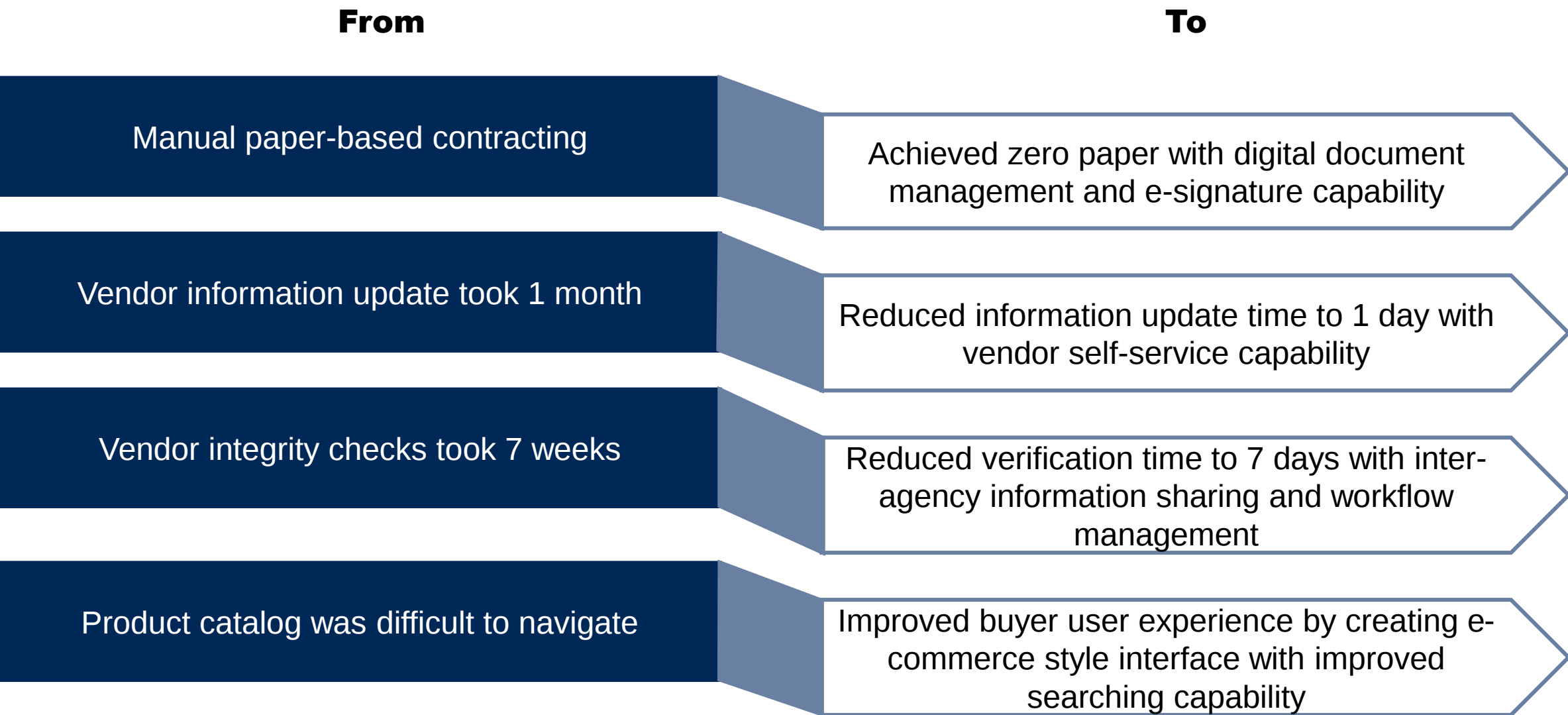
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NYC path to Modernization necessitated a multi-phased approach

RELEASE 1  VENDOR MANAGEMENT	RELEASE 2  PROCURE TO PAY	RELEASE 3  SOURCE TO SETTLE	RELEASE 4  INVOICING
Key Features - Self-service vendor accounts - Responsibility Determinations Outputs and Achievements 13k vendors filed - Responsibility Determination from 49 days to 9 days	Key Features Requirements Contracts Catalog, Online Requisition, Receipt, Invoice, Payment Management Outputs and Achievements - Full payment pipeline functional ~2k orders, \$8m spend	Key Features - Full end to end procurement process - Requisition to contract registration - Amendment/Change Order mgmt. - E-signature, zero paper - Expands catalog functionality to include services - Subcontracts and MWBE compliance	Key Features - Citywide invoicing and payment - Bidirectional interface with FMS - Enhanced bidding, including quote management for MWBE micros - Prequalification for all vendors - Integrations with agency project management systems
Initial Release	Year 3	Year 4	Year ~5

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NYC was able to achieve improvements for both users and vendors





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Detailed Gartner Best Practices for Sourcing Capabilities (1 of 2)



Strategic Sourcing

- **Conduct Market Analysis:** Regularly conduct market research to identify new suppliers, monitor industry trends, and assess market conditions.
- **Collaborate Cross-functionally:** Involve key stakeholders from different departments in the sourcing process to align strategies with business goals.
- **Utilize E-Sourcing Tools:** Utilize electronic sourcing tools to streamline the sourcing, bidding, and negotiation processes.



Supplier Management

- **Develop Collaborative Relationship:** Develop strong, collaborative relationships with key suppliers to foster innovation and ensure reliability.
- **Establish Performance Metrics:** Establish and monitor key performance indicators (KPIs) to evaluate supplier performance regularly.
- **Strategically Mitigate Risk:** Implement risk management strategies to identify and mitigate potential disruptions in the supply chain.



Contract Management

- **Create Standardized Contracts:** Develop standardized contract templates to ensure consistency and clarity in terms and conditions.
- **Create Central Repository:** Implement a centralized contract repository for easy access, version control, and compliance monitoring.
- **Automate Alerts:** Set up automated alerts for contract milestones, renewals, and compliance deadlines.



Purchase Requisition & Order Mgmt.

- **Centralize Requisition System:** Implement a centralized system for purchase requisitions, ensuring proper approvals and compliance.
- **Automate Purchase Orders:** Automate the creation and processing of purchase orders to minimize errors and delays.
- **Incorporate Compliance Checks:** Incorporate compliance checks within the requisition and ordering processes.



Invoice & Payment Processing

- **Invoice Electronically:** Implement electronic invoicing to reduce manual errors, streamline approvals, and expedite payment processing.
- **Negotiate Payment Terms:** Negotiate favorable payment terms with suppliers to optimize cash flow.
- **Implement 3-way Match:** Implement a three-way match process (invoice, purchase order, and goods receipt) to ensure accuracy.

Detailed Gartner Best Practices for Sourcing Capabilities (2 of 2)



Supplier Onboarding & Qualification

- **Standardize Onboarding:** Develop a standardized onboarding process for new suppliers to streamline the integration process.
- **Conduct Due Diligence:** Establish criteria and conduct due diligence to qualify and assess potential suppliers.
- **Review & Update Regularly:** Regularly review and update supplier information to ensure accuracy and compliance.



Data Analytics & Reporting

- **Analyze Performance:** Leverage data analytics to gain insights into spending patterns, supplier performance, and overall procurement efficiency.
- **Implement Real-time Reporting:** Implement real-time reporting capabilities for better decision-making and strategic planning.
- **Monitor Continuously:** Monitor key metrics regularly and use data to identify areas for improvement and cost savings.



Compliance & Risk Mgmt.

- **Regulatory Compliance:** Stay informed about regulatory changes and ensure procurement processes comply with applicable laws and regulations.
- **Audits and Assessments:** Conduct regular audits and assessments to identify and address compliance and risk issues.
- **Documentation:** Maintain thorough documentation of all procurement activities for audit trails and compliance purposes.



Technology Integration

- **Integrate S2S Platform:** Implement an integrated Source-to-Pay platform to enhance visibility, collaboration, and data flow across the procurement lifecycle.
- **Integrate with ERP:** Integrate with enterprise resource planning (ERP) systems and other relevant technologies to streamline processes and data exchange.
- **Emerging Technologies:** Explore and leverage emerging technologies such as AI and machine learning for process optimization and innovation.



Continuous Improvement

- **Feedback Mechanisms:** Establish feedback mechanisms from end-users, stakeholders, and suppliers to identify areas for improvement.
- **Benchmarking:** Regularly benchmark Source-to-Pay processes against industry best practices to stay competitive.
- **Agile Approach:** Embrace an agile approach to adapt to changing business requirements and continuously enhance procurement processes.

Gartner Magic Quadrant for Source-to-Pay Suites



Market Trends

Embedded Intelligent Analytics

Buyers are increasingly looking for S2P solutions to provide value beyond process automation. They are looking for smart systems that will inform them where improvements should be made, how they benchmark against their peers, and where unearthed opportunities exist. The trend is to expose this information where users are working, and not relegated to a separate spend analytics module.

Risk and ESG

Organizations often deploy an S2P suite as a system of record, creating the ideal place to enforce ESG policies and mitigate supplier risk. The ability to seamlessly guide end users to suppliers and products that support ESG and other internal policies allows procurement to impact spend before it happens. The desire to quickly reduce or shut off new purchases from high-risk suppliers is also growing, leading to more scrutiny on how well supplier information and risk management is integrated into S2P solutions.

AI

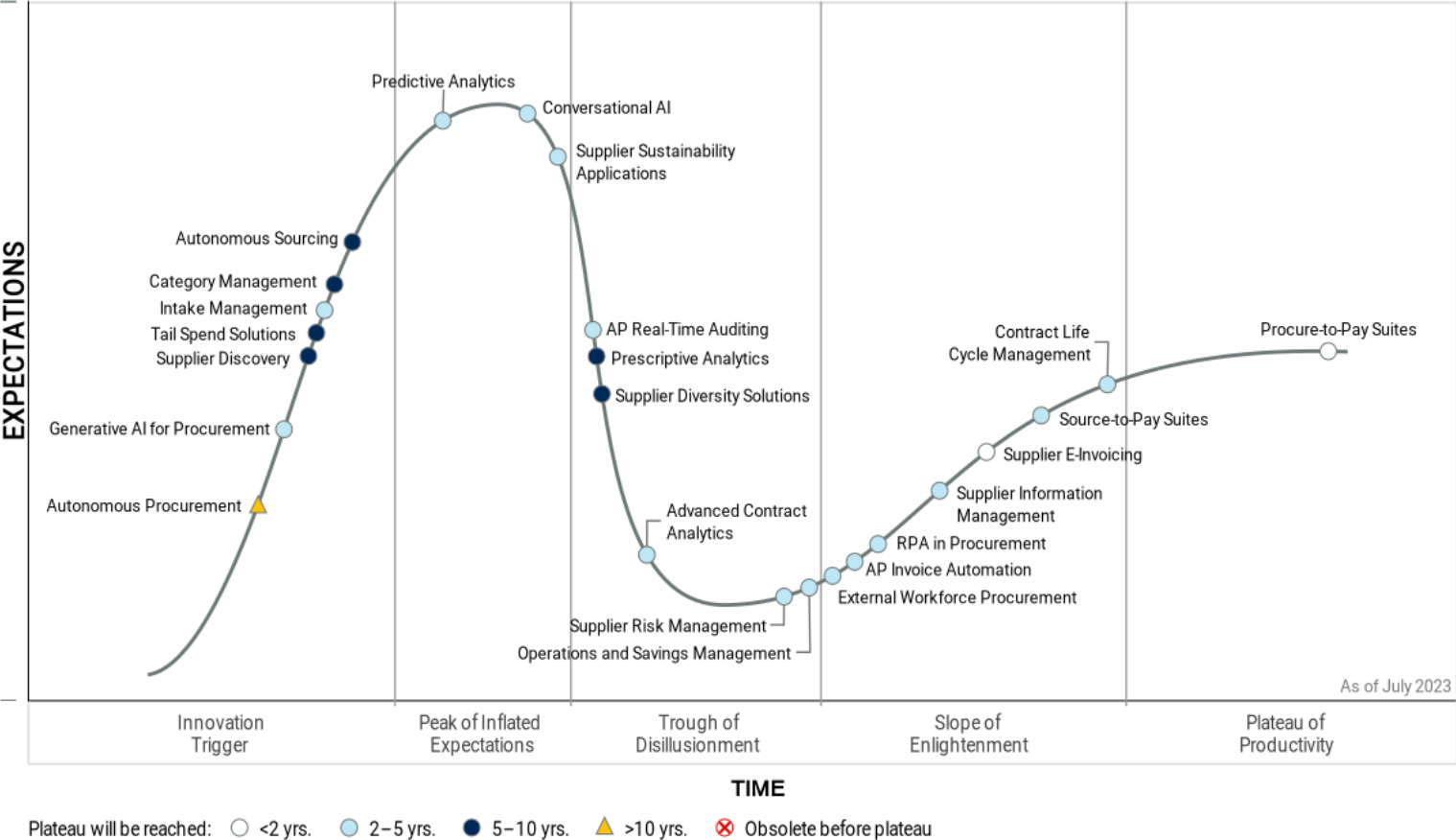
Smart automation is in high-demand, even if buyers are not specifically calling out AI in their selection criteria.

Deep Integrations

Customers are demanding fully internally integrated solutions that enable users to access accurate data and information related to what action they are taking from anywhere in the solution. Deep integrations reduce errors and magnify the value of the single integrated S2P suite.

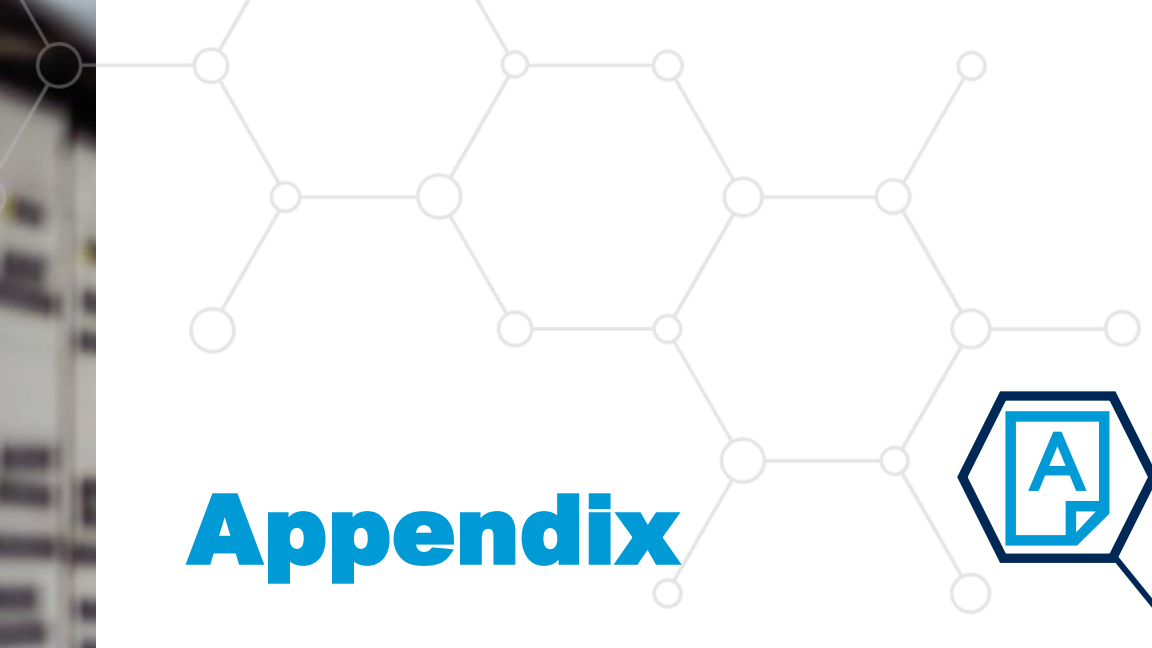
Gartner Hype Cycle for Source-to-Pay Suites

Hype Cycle for Procurement and Sourcing Solutions, 2023



Three main themes have developed across these emerging technologies:

- **Hyperautomation** — AI, machine learning, and robotic process automation technologies used to improve automation and efficiency
- **Data and analytics** — More advanced analysis capabilities, which typically also leverage AI and machine learning, to predict and prescribe actions that help organizations make better spend and supplier decisions
- **Supplier collaboration** — Technologies with tailored capabilities to improve working with suppliers toward organizational goals such as ESG, risk mitigation, and supply chain resiliency



Appendix

- **Detailed Current State Findings**
- **NYC Case**
- **Source-to-Settle Best Practices – Gartner Research**
- **Delegated Authority Threshold by County Department**
- **County Departments Interviewed**
- **Acronym Glossary**



Purchasing agent delegated authority thresholds by County department

Department	Delegated Authority Limit
AGING AND DISABILITIES	\$15,000
AGRIC COMM/WTS & MEASURES	\$15,000
ALTERNATE PUBLIC DEFENDER	\$5,000
ANIMAL CARE AND CONTROL	\$5,000
ANTELOPE VALLEY REHABILITATION CENTER	\$15,000
ARTS AND CULTURE	\$5,000
ASSESSOR	\$15,000
ASSET MANAGEMENT	\$5,000
AUDITOR-CONTROLLER	\$15,000
AUDITOR-CONTROLLER ND	\$15,000
BEACHES & HARBORS	\$15,000
BOARD OF SUPERVISORS	\$15,000
CAPITAL PROJECTS	\$15,000
CEO - BUDGET & OPERATIONS MANAGEMENT BRANCH	\$15,000
CEO - FACILITY ASSET MANAGEMENT (FAM)	\$15,000
CHIEF EXECUTIVE OFFICE	\$15,000
CHIEF INFORMATION OFFICER	\$15,000
CHILD SUPPORT SERVICES	\$15,000
CHILDREN & FAMILY SERVICES	\$5,000
CHILDREN'S MEDICAL SERVICES	\$15,000
CONSUMER AND BUSINESS AFFAIRS	\$15,000
COUNTY COUNSEL	\$5,000
DISTRICT ATTORNEY	\$10,000
DIVISION OF HIV AND STD PROGRAMS	\$15,000
ECONOMIC OPPORTUNITY	\$15,000
EMERGENCY PREPAREDNESS & RESPONSE	\$15,000
EMPLOYEE BENEFITS	\$15,000
FEDERAL / STATE DISASTER AID	\$5,000
FIRE DEPARTMENT	\$15,000
GRAND JURY	\$5,000
HARBOR CARE SOUTH	\$15,000
HEALTH SERVICES	\$15,000
HUMAN RESOURCES DEPT	\$15,000
INSURANCE BUDGET	\$15,000

Department	Delegated Authority Limit
INTERNAL SERVICES DEPT	\$5,000
JUSTICE, CARE AND OPPORTUNITIES	\$5,000
LA COUNTY LIBRARY	\$15,000
LOS ANGELES COUNTY - CAPITAL ASSET LEASING	\$5,000
LOS ANGELES GENERAL MEDICAL CENTER	\$15,000
MEDICAL EXAMINER	\$15,000
MENTAL HEALTH	\$15,000
MILITARY & VETS AFFAIRS	\$15,000
MUSEUM OF ART	\$5,000
MUSEUM OF NATURAL HISTORY	\$15,000
NON-COUNTY AGENCIES	\$5,000
NON-DEPARTMENTAL / BUDGETED	\$5,000
NON-DEPARTMENTAL / UNBUDGETED	\$5,000
OFFICE OF PUBLIC SAFETY	\$15,000
OLIVE VIEW-UCLA MEDICAL CENTER	\$15,000
OMBUDSMAN	\$5,000
PARKS & RECREATION DEPARTMENT	\$15,000
PROBATION DEPARTMENT	\$15,000
PROJECT & FACILITY DEVELOPMENT	\$5,000
PUBLIC DEFENDER	\$5,000
PUBLIC HEALTH	\$15,000
PUBLIC SOCIAL SERVICES DEPT	\$15,000
PUBLIC WORKS DEPARTMENT	\$15,000
RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER	\$15,000
REGIONAL PLANNING DEPARTMENT	\$15,000
REGISTRAR-RECORDER AND COUNTY CLERK	\$15,000
RENT EXPENSE	\$5,000
SHERIFF	\$15,000
SOUTHWEST	\$15,000
SUBSTANCE ABUSE PREVENTION AND CONTROL	\$15,000
SUPERIOR COURT	\$15,000
TREASURER & TAX COLLECTOR	\$15,000
WORKFORCE DEVELOPMENT, AGING AND COMMUNITY SERVICES	\$15,000
YOUTH DEVELOPMENT	\$5,000

RESTRICTED



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Gartner interviewed Stakeholders from (11) departments

1. Assessor
2. Auditor-Controller
3. Chief Executive Office
4. County Counsel
5. Department of Economic Opportunity
6. Department of Health Services
7. Department of Mental Health
8. Department of Public Works
9. Internal Services Department
10. Registrar-Recorder/County Clerk
11. Sheriff's Department

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Acronym Glossary

Acronym	Term	Definition
AI	Artificial Intelligence	Artificial intelligence applies advanced analysis and logic-based techniques, such as machine learning, deep learning, regression analysis and prescriptive analytics, to identify and predict patterns, self-learn, and make and execute decisions.
BCM	Business Capability Model	A framework to represent the ways in which enterprises combine resources, competencies, information, processes, and their environments to deliver consistent value to their stakeholders.
E2E	End-to-End	Comprehensive and integrated approach that encompasses the entire life cycle.
ERP	Enterprise Resource Planning	It is a category of business management software that integrates and streamlines various core business processes across an organization.
FMS	Financial Management System	A software solution that enables organization to effectively manage and control their financial operations, processes, and transactions.
ML	Machine Learning	Machine learning is an AI discipline that solves business problems by utilizing statistical models to extract knowledge and patterns from data.
RPA	Robotic Process Automation	Software to automate tasks within business and IT processes via software scripts that emulate human interaction with the application user interface.
S2S	Source-to-Settle (Gartner Research uses Source to Pay)	Strategic business process that encompasses the entire sourcing life cycle, from identifying the need for goods or services to settlement of payments with suppliers.

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