Improving IT Application Services in Indianapolis, Indiana

GPL Fellow meets with staff from the City of Indianapolis. (Photo by Joseph Lee)

As part of Bloomberg Philanthropies' What Works Cities initiative, the GPL provided pro bono technical assistance to help Indianapolis increase competition, reduce costs, improve service quality, and enhance the City's information technology (IT) capabilities by adopting results-driven contracting strategies for its IT application services contracts.

The Problem: Indianapolis sought to improve the performance of its contracted IT application services. Specifically, in partnership with the GPL, the City set out to answer the following questions:

- How is the City's current IT application services vendor performing?
- How can the City boost the value it obtains through the contract and improve the vendor's performance?
- How should the City prepare for the rebid of IT application services?
- How can the City achieve the best value for an upcoming IT support procurement?

Applying Results Driven Contracting Strategies: To improve the performance of its IT application services contracts, Indianapolis worked with the GPL to:

1) **Develop a foundation for improving vendor performance** by strengthening the City's understanding of the current vendor's performance, identifying strategies for improving outcomes going forward, and laying the groundwork for strategic performance management. With support from the GPL, Indianapolis has created several vendor performance metrics to track the outcomes of the IT application services and inform contract management, including:

- Timeliness of project work;
- Post-project and quarterly user department satisfaction surveys; and
- Summary of root cause analyses.

2) **Design a competitive procurement approach** that encourages vendor diversity, maximizes value, and strategically aligns with the City's goals. The GPL recommended that conducting competitive procurements to select the vendor delivering services on a frequent basis can produce cost savings and improve the level of expertise available to the City. The GPL helped the City identify a viable procurement structure and develop the components of a competitive request for proposals (RFP) that aligns with the City's strategic priorities. This procurement approach can also enable the City to compare vendor competencies in an actual project setting and accommodate both recurring support and special project needs through the new pricing structure.

3) **Develop a pilot procurement to partially unbundle IT services** and test approaches for better tracking vendor capabilities. The GPL worked with the Indianapolis Purchasing Division and Information Services Agency (ISA) to develop a draft RFP for a specific scope within the larger area of IT application services. The GPL recommended structuring pricing and payments to reflect the difference between ongoing monthly recurring services and special (short-term) projects. In addition, the draft RFP addresses ISA's request to better understand prospective vendors' approaches to project planning, communication, and implementation by requiring finalists to complete a short demonstration project using the skills required for the contracted scope of work.

4) **Reduce future IT costs.** The City initially indicated an interest in either re-procuring application services or gathering additional information that could drive a cost-effective renewal of the current contract. The GPL held a series of meetings with City staff and vendor area leads to understand the City's current and future application development and maintenance needs as well as its vendor service levels and capabilities. Based on these findings, the GPL made a number of recommendations to improve contract management and unbundle services from the master contract. In 2017, ISA negotiated a contract renewal for application services that reduced annual costs by approximately $900,000—nearly $3.6 million total over the remaining life of the contract.

The Results: Going forward, Indianapolis can improve vendor accountability and maximize the value of its IT application services contract by adopting and analyzing performance measures, such as those developed during our engagement, and by scheduling regular meetings with the vendor to review performance. The City can also include performance measures in other RFPs and contracts that reflect the specific outcomes the City is trying to achieve. Specifically, the Purchasing Division plans to work with user departments to incorporate desired outcomes into contracts as well as to design, implement, and monitor performance measures that regularly flag progress toward meeting those goals over the life of the contract. Actively managing contracts in this manner can help the City proactively identify roadblocks, troubleshoot challenges, and reorient attention towards key measures of success.