



Wes Moore, Governor · Aruna Miller, Lt. Governor · Atif Chaudhry, Secretary

**Intergovernmental Cooperative Purchasing Agreement
Procurement Officer Determination**
COMAR 21.05.09.04

Per COMAR 21.05.09.02, as a Primary Procurement Unit, the DGS Office of State Procurement (OSP) may initially sponsor or participate in, renew, modify, or administer an Intergovernmental Cooperative Purchasing Agreement (ICPA) on its own behalf or on behalf of another agency when a determination is made under SFP §13-110 and COMAR 21.05.09.04.

Based upon the analysis and market research conducted as identified in the attached Procurement Officer's Determination from Comptroller of Maryland for 21CFSE Program Management Offices (PMO) Services, I have conducted an independent analysis and determined that it is in the best interest of the State to participate in this intergovernmental cooperative purchasing agreement, that doing so will provide cost benefits to the State, promote administrative efficiencies, or promote intergovernmental cooperation, and is not intended as a means to evade the purposes set forth under COMAR 21.01.01.03.

Cheryl Howard-Bond

11/14/2024

Cheryl Howard-Bond, Procurement Officer, DGS OSP / Date

Linda Dangerfield

[Linda Dangerfield \(Nov 14, 2024 12:28 EST\)](#)

11/14/2024

Linda Dangerfield, Deputy Chief Procurement Officer / Date

Atif Chaudhry

11/14/2024

Atif Chaudhry, Secretary, DGS / Date

Attachment



PROCUREMENT OFFICER'S DETERMINATION
Intergovernmental Cooperative Purchasing Procurement
COMAR 21.05.09.04

Department/Procurement Agency: Comptroller of Maryland

Contract Term: December 5, 2024 through 12/04/2028

Amount: NTE \$72,666,343.60

Category: Professional Services

Contract Type: Time and Materials

Name and address of selected Contractor:

Guidehouse, Inc.
1676 International Drive, Suite 800
McLean, VA

Background Information:

House Bill 709 and Senate Bill 659, enacted April 11, 2023, established the 21st Century Financial System Enterprise (21CFSE) to modernize and transform the State's Financial Management Information System (FMIS). In order to identify the most effective and efficient procurement strategy, the Office of State Procurement (OSP), in partnership with various State stakeholders, conducted enhanced market research via a Request for Information (RFI) on the available procurement methods and the viability of the vendor community to meet the comprehensive specifications of the procurement strategy for this 21CFSE modernization.

Through analysis of the market research conducted, OSP concluded that the use of an Intergovernmental Cooperative Purchase Agreement (ICPA) to employ a single firm to serve as a prime contractor overseeing the project in a complete and comprehensive manner is feasible and in the best interest of the State.



Per COMAR 21.05.09.02, as a Primary Procurement Unit, the Department of General Services (DGS) Office of State Procurement (OSP) may initially sponsor or participate in, renew, modify, or administer an Intergovernmental Cooperative Purchasing Agreement (ICPA) on its own behalf or on behalf of another agency when a determination is made under SFP §13-110 and COMAR 21.05.09.04.

OSP identified the Strategic Management Consulting Services contract #14-13 held with OMNIA Partners as the ICPA best suited for the FMIS requirement. The Strategic Management Consulting Services contract was awarded through a competitive solicitation made available through the National Cooperative Purchasing Alliance [RFP #44-22]. This is a multiple award contract award through a competitive evaluation. Awards were made to those contractors whose response was determined to be qualified and advantageous.

An RFI was released to the seven contractors awarded under this contract. The purpose of the RFI was to identify which of the contractors were interested in participating in the 21CFSE project that possessed the qualifications, scale, and services to meet the 21CFSE project objectives. Of the seven Boston Consulting Group (BCG), Deloitte, Guidehouse, and McKinsey responded to the RFI and showed interest in participating further.

Scope Description: 21CFSE Program Management Office Objectives

The Comptroller's 21CFSE intends to establish the 21CFSE Program Management Office (PMO) as a strategic function to collaborate with senior executives of the Comptroller and across the state. The PMO will support the 21CFSE program leadership in coordinating, orchestrating, and executing portfolios, initiatives, programs, and products to achieve desired business outcomes for the 21CFSE.

The PMO's mission is to drive value realization and maximize returns on technology investments through incremental, agile business transformation, and software delivery. It will provide strategic guidance to the 21CFSE program leadership on portfolio decisions, establish business and technology standards, and allocate resources across programs and portfolios to support the selection, procurement, and implementation of statewide ERP software.

Operating at an enterprise level, the PMO will inform all aspects of the modernization effort, from procurement planning to system implementation, ongoing operations and maintenance, and the roadmap for transformation.

To achieve these overall program objectives, the scope of PMO Service delivery will include the following

1. Program Management Support
2. 21CFSE Discovery and Modernization Strategy
3. Organizational Change Management Strategy and Support
4. Statewide Strategy Development

Technical Evaluation:

In-person, oral information sessions were held with (Boston Consulting Group (BCG), Deloitte, Guidehouse, and McKinsey to provide them with an opportunity to present responses to the requirements and questions included in the RFI to an evaluation panel. Of the four firms BCG, Deloitte, Guidehouse, and McKinsey that participated, only Deloitte and Guidehouse were determined to have the capacity and past performance to provide the requested services as received in the program statement of objectives. Both Deloitte and Guidehouse have past performances that indicate they have the capacity to take on the project as a prime contractor.

An additional nine (9) questions were sent to Deloitte and Guidehouse. They centered around the Discovery and Modernization Strategy, the Organizational Change Management Strategy and Support, and the Statewide Strategy Development. OSP organized an additional information session for Deloitte and Guidehouse aimed at responding to the questions in order to clarify each firm's approach and preparedness to handle the statement of objectives in the RFI.

On June 25th, 2024, the evaluation panel consisting of members from the Comptroller, the State Treasurer's Office (STO), the Department of Budget Management (DBM), the Department of Information Technology (DoIT), and the Department of General Services (DGS) ("Governing Agencies") convened to evaluate the firms' responses from the second round of information sessions. After thorough deliberation, a unanimous decision was made by the panel recommending Guidehouse as the top-ranked firm for the award.

On July 16th, 2024, a letter of intent to award was issued to Guidehouse requesting that a comprehensive proposal detailing how Guidehouse will meet the requirements related to the modernization of the statewide ERP system for the 21CFSE. The proposal was received August 16, 2024. Discussions have been held with the program and Guidehouse to clarify and finalize the proposal to ensure that Guidehouse will provide the PMO services necessary to ensure a successful modernization and transformation of the State's Financial Management Information System (FMIS).

Technical Proposal Analysis and Summary of Reference Findings

1. Program Management Support

Guidehouse proposes the establishment of the program and overall PMO to provide governance, manage the project delivery, and provide value assurance to meet program goals. Guidehouse will provide the following Program Management Support functions as the PMO:

- Implementation of the Guidehouse TruePMO™ methodology providing experience and business transformation to the 21CFSE

- Establish the 21CFSE program, define value metrics for the program, and implement governance
- Conduct all program activities and decisions based on value generation (value assurance)
- Provide enterprise-wide oversight and coordination of all 21CFSE project and program activities

2. Discovery & Modernization Strategy

This work stream is the most critical aspect of the engagement and serves as the primary driver of proposal costs. It encompasses the performance of discovery and the development of the modernization strategy. Guidehouse will use a cohort approach to discover existing processes and systems for all 90+ state agencies. The result of this comprehensive discovery will allow Guidehouse to develop the scope of the modernization, with a roadmap and schedule, as well as requirements for the future ERP procurement. Successfully and thoroughly completing these activities will enable the program to advance the project into subsequent progressive phases in the modernization roadmap, including the procurement of an SI and ERP solution, then implementation. Guidehouse is proposing grouping all state agencies into cohorts, deploying 1-3 teams, and accomplishing discovery in 14-22 months, respectively. Guidehouse will provide the following Discovery & Modernization Strategy functions within this workstream:

- Implementation of the Celonis tool to utilize business intelligence to establish and accelerate process discovery and valuation
- Valuation of current business processes and systems as well as establish KPIs based on program goals, success factors, and value markers
- Determination of the scope of the modernization
- Development of a detailed roadmap, including timeline, for the modernization
- Development of requirements, support, and manage the procurement of the SI and ERP technology

3. Organizational Change Management

Guidehouse proposed the utilization of their (re)Vision™ change management methodology to deliver Organizational Change Management (OCM) throughout the entire modernization roadmap. This is a 'people-centric' change framework and design process that utilizes behavioral science techniques. To ensure transformative objectives for 'people' and 'processes' are achieved, the (re)Vision™ framework for OCM will be embedded throughout every stage of our modernization. Guidehouse will provide the following OCM functions within this workstream:

- Create and manage a comprehensive stakeholder inventory (*throughout project*)
- Create and deliver tailored communications and engagements (*aligned with COM/21CFSE*)
- Assign Agency liaisons from Guidehouse (*intentional agency communications to drive adoption*)
- Create agency Change Champions for peer support and advocacy
- Conduct Stakeholder Readiness and Business Readiness Assessments

- Lead Empathy Mapping sessions (*Human Centered Design*)
- Facilitate functional-level workshops and engagements
- Create Personas and their related Journey Maps
- Monitor stakeholder behaviors and acceptance for proactive support

4. Statewide Strategy Development (Financial Data Strategy)

This workstream includes the development of a statewide financial data strategy to harmonize all disparate data points into one central ERP database. This includes developing a state-wide data strategy for financial management that ensures consistency, accuracy, and accessibility of data across all state agencies and defines data governance policies and standards to maintain data integrity, security, and compliance with relevant regulations and laws. To accomplish this, Guidehouse will provide the following Statewide Strategy Development functions within this workstream:

- Establish a data governance
- Conduct a thorough assessment of existing data in the FMIS and other legacy systems
- Develop and implement a statewide financial data strategy, including data policies, standards, and data cleansing processes
- Develop a migration plan for the planned ERP

Summary of Reference Findings

As part of the due diligence process, the 21CFSE conducted reference checks with the following four clients of Guidehouse: Federal Emergency Management Agency (FEMA), Food and Drug Administration (FDA), Indian Health Service (HHS-IHS), and the State of Oklahoma, Transportation Cabinet. The feedback from all references was consistently positive, highlighting Guidehouse's proficiency in managing large-scale projects, including ones with multiple vendors. All references uniformly praised Guidehouse for their ability to consistently meet project timelines and budget constraints. Additionally, all references said that the quality of staff provided by Guidehouse was excellent and experienced very low turnover. The references particularly commended Guidehouse for their exceptional communication skills, problem-solving capabilities, and cost saving performance which significantly contributed to their project's successful outcomes. No concerns or issues were related during any of the conversations. Each said they would engage Guidehouse again.

Financial Proposal Analysis

Guidehouse proposed three team options in their proposal. The 21CFSE negotiated the rates, staffing, and overall proposed contract cost with Guidehouse. This resulted in a reduction of the overall contract costs of approximately (\$10MM) or (14%) for each of the three options presented. Guidehouse reduced their billing rates for the highest labor categories (*Executive* and *Director*) and negotiated staffing to provide the state a reduction over their initial proposal.

Team Options	TOTAL CONTRACT			
	Initial Proposal	Final Proposal	\$ Change	% Change
One Discovery Team	\$ 71,867,368	\$ 61,660,897	\$ (10,206,470)	-14%
Two Discovery Teams	\$ 76,753,454	\$ 66,226,344	\$ (10,527,110)	-14%
Three Discovery Teams	\$ 80,961,486	\$ 70,113,736	\$ (10,847,750)	-13%

The program has recommended the selection of the ‘Two Discovery Team’ approach within the Guidehouse proposal(s) as this will provide the state an additional 5-month timeline savings without sacrificing operational effectiveness.

Based on an analysis of other competitor and existing state contract labor rates (*see table below*), Guidehouse rates and costs are competitive and favorable.

PROFESSIONAL SERVICES RATE COMPARISON				
Hourly Rate				
Labor Category	Guidehouse ¹	McKinsey ²	Workday ³	EY ⁴
Executive	\$253	\$391	\$398	\$549
Director	\$253	\$330	\$398	\$415
Manager 3	\$253	\$258	\$370	\$328
Manager 1	\$215	\$232	N/A	\$249
Senior Consultant 2	\$200	\$196	\$258	\$328
Senior Consultant 1	\$167	N/A	\$250	\$249
Consultant 1	\$144	\$165	\$185	\$161

1 - Negotiated rates per the Financial Proposal from Guidehouse, under the OMNIA Intergovernmental Cooperative Purchasing Agreement (ICPA).

2 - Competitor rates under the same OMNIA ICPA. (*Internal & Confidential*)

3 - Rates obtained from the current Workday engagement for the implementation of the Payroll module.

4 - Rates obtained from the EY GSA Authorized Federal Supply Schedule Price List/Professional Services Contract

Basis for Recommendation for Award

The 21CFSE recommendation is based on these conclusions:

1. The Guidehouse Technical Proposal outlined a very methodical experienced approach and provided the appropriate level of services based on the complexity and scope of our modernization
2. The final Guidehouse Financial Proposal has the most competitive pricing with the 21CFSE negotiated reduction of approximately (\$10MM) or (14%)
3. The ‘Two-Team’ option provides favorable timeline savings vs. incremental costs. Choosing the ‘Three Discovery Team’ approach introduces operational complexities to coordinate this level of discovery concurrently for a -3-month marginal timeline saving at a cost of \$3.9MM.

Conclusion

Guidehouse is recommended for the award, having shown expertise and a solid commitment to managing the project's scope and complexity. Additionally, Guidehouse prices are deemed fair and reasonable based on the above.

Determination By:

Susan Howells

Date: 11/12/2024

Susan Howells
Senior Procurement Advisor
Comptroller of Maryland

Approved by:

Robert OConnor

Digitally signed by Robert
OConnor
Date: 2024.11.12 20:27:37 -05'00'

Date: _____

Robert O'Connor
Chief Information Officer
Comptroller of Maryland












DGS OSP ICPA POD for COMP PMO

Final Audit Report

2024-11-14

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