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**Enterprise Data Analytics Master Contract Program  
Department of Administration**

**Report to the Legislature**

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**January 15, 2012**

## Introduction

In 2011, Governor Mark Dayton launched a new mantra to cultivate change throughout state government. As stated by the Governor, “We, who serve in government, have an important obligation to improve how it works. Our state government must provide better services, more efficiently, and at lower costs.” To that end, each commissioner has been charged with “making continuous improvement part of the DNA of their leadership and management.”

One of the early ideas championed by both Governor Dayton and the 2011 Legislature to promote continuous improvement involved increasing the use of data analytics in the daily operations of Minnesota government. In early April 2011, the Department of Administration began the task of creating a master contract program aimed at providing a streamlined mechanism to engage qualified consultants to provide a wide array of data analytics services. Creation of the program was premised on the idea that the use of data analytics would enhance the ability of agencies to discover cost-saving opportunities, promote efficiencies and achieve quality improvements by making data-driven decisions.

In July 2011, the governor signed into law the [State Government Finance Omnibus Bill, Chapter 10, SF 12](#). The bill contained several sections calling for the use of data analytics in the areas of:

- **Tax Compliance** – enhancing tax assessment and collection (Article 1, Section 39);
- **State Building Efficiency** – promoting efficiencies in state building management (Article 3, Section 37);
- **Fleet Management Services** – improving the procurement, allocation, control, energy efficiency, maintenance, and in-service life of state vehicles (Article 3, Section 38); and
- **Strategic Sourcing** - recommending improvements to methods used to analyze and reduce spending on goods and services purchased by the state (Article 3, Section 41).

In addition, the governor also signed into law a separate bill ([Chapter 9, HF25, Article 6, Section 93](#)) requiring the Commissioner of Human Services to issue a request for proposal to prevent and detect Medicaid fraud and mispayment, requiring the selected vendor to provide data analytics capabilities.

The bills aligned with the progress already underway with the governor’s initiative to establish the Data Analytics Master Contract Program. The bills require the issuance of progress reports to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over the commissioner of administration. In compliance with the reporting requirements contained within the legislation, the following sections detail the progress made to date.

## **RFP Process and Creation of Data Analytics Master Contract Program**

In early April 2011 the Department of Administration met with more than 30 representatives from 12 executive branch agencies. The purpose of the multi-agency focus group was to identify the agencies' potential use of data analytics and explore creation of a master contract program to provide the services.

Based on the positive feedback received from the agencies, the Department of Administration exercised its enterprise contracting authority under Minnesota Statutes, §16C.08, Subdivision 1a and issued a request for proposals (RFP) to establish an enterprise data analytics master contract program. The RFP was issued on April 11, 2011.

To provide leadership and governance over the RFP process and subsequent program, a steering team was created comprised of 9 individuals representing 8 agencies. Steering team members include:

Anne Barry	Human Services
Betsy Hayes	Administration/Materials Management
Lisa O'Groske	Corrections
Kim Roberson	Transportation
Deb Serum	Employment and Economic Development
Greg Tschida	Revenue
Cindy Valentine	Labor and Industry
Wayne Waslaski	Administration/Real Estate and Construction Services
Bruce Yurich	Minnesota Management and Budget

On May 3, 2011, the steering team hosted a pre-proposal conference attended by more than 40 prospective vendors. This event allowed interested vendors an opportunity to learn more about the program and ask questions or raise concerns. Steering team members participated in responding to questions and listened to comments and suggestions geared toward enhancing the RFP. As a result, modifications were later made to the RFP such as creating a separate service category to promote participation from small businesses.

On June 27, 2011, 29 proposals were received. Evaluations of the proposals were delayed as a result of the state government shutdown. When operations resumed, eight teams comprised of more than 30 agency representatives participated in proposal evaluations. Evaluators were recommended by steering team members and selected based on their subject matter expertise in the category to which they were assigned. Evaluations continued throughout August and September and resulted in 22 companies invited to negotiate master contracts.

In October and November 2011, contract negotiations occurred with all 22 vendors. Final contracts were executed in November 2011 and the Data Analytics Master Contract Program was formally launched and announced by the governor's office on December 13, 2011.

## Master Contract Program Structure

The Data Analytics Master Contract Program consists of 22 eligible contractors available to perform one or more of the following data analytics subject matter service categories. Two of the contractors are certified with the State as Targeted Group Businesses.

Data analytics service categories are:

1. State Building Efficiency;
2. Fleet Management Improvements;
3. Tax Collection, Fraud Prevention, and Detection;
4. Human Services, Medicaid Payments, Fraud Prevention, Detection, and Program Integrity;
5. Unemployment Compensation;
6. Workers Compensation;
7. Strategic Sourcing;
8. Customer Focused Data Analytics;
9. Continuous Organizational and Quality Improvement;
10. Strategic Planning and Data Quality Analysis;
11. Support Services; and
12. Additional Subject Matter Services

The program is designed to streamline the administrative effort necessary to engage a contractor as specific work projects are identified in the various service categories. When an agency determines to pursue a project, work orders will be written against the master contracts. The work orders will detail the specific tasks to be performed and establish the final negotiated cost, which, in some cases may entail a contingency-based fee arrangement. Contractors eligible to provide service in each of the categories are:

Service Category	Approved Contractor(s)
State Building Efficiency	IBM and Johnson Controls
Fleet Management Improvements	IBM
Tax Collection, Fraud Prevention, and Detection	Accenture, Chainbridge Software, Deloitte Consulting, Fast Enterprises, IBM, Public Consulting Group, Revenue Solutions, SAS Institute, Tax Management Associates, and Teradata Government Systems
Human Services, Medicaid Payments, Fraud Prevention, Detection, and Program Integrity	CGI Federal, Deloitte Consulting, EDI Watch, Fortel Analytics, Health Management Systems, IBM, Nemadji Research Corporation, OptumInsight, Public Consulting Group, SAS Institute, and Thomson Reuters
Unemployment Compensation	Deloitte Consulting and IBM
Workers Compensation	CGI Federal, Deloitte Consulting, IBM, and SAS Institute
Strategic Sourcing	Accenture, Deloitte Consulting, and IBM
Customer Focused	Deloitte Consulting, IBM, Public Consulting Group, SAS Institute, and The Improve Group
Continuous Organizational and Quality Improvement	Deloitte Consulting, IBM, Management Analysis Division, and Public Consulting Group
Strategic Planning and Data Quality Analysis	Deloitte Consulting, IBM, and Public Consulting Group
Additional Subject Matter Service Categories	Deloitte Consulting, IBM, Public Consulting Group, and Thompson Reuters
Support Services	Charter Solutions, Public Consulting Group, and Sogeti USA

## Program Savings and Efficiencies

The primary objective of the Program is to achieve significant cost savings, promote efficiencies and achieve quality improvements through the use of data analytics. The Program establishes a set of tools for agencies to use to achieve these results. Specific savings assessments, dynamic scoring analysis, and other calculations will be possible as projects are initiated, but are not available at this initial stage. In addition to project-specific results, the Program will benefit agencies in the following areas:

- **Administrative Efficiency** – The establishment of a master program avoids the redundancies created in a siloed, agency-centric approach where each agency pursues its own separate contracting process. A single procurement undertaken by a central contracting authority eliminates hundreds of hours of administrative effort that would have been required of agencies absent the enterprise approach. The program's structure provides a balance between streamlined use (direct select under \$100,000) and the potential benefits of additional competition among approved contractors for larger projects. i.e. those in excess of \$100,000. Central administration by Materials Management of the 22 master contracts promotes consistency in contract management and reduces workloads and risks for participating agencies by assuring things such as contract compliance and performance management are given heightened attention. Of paramount importance to agencies is the ability to engage a contractor quickly. The program provides the ability to immediately engage a contractor within specified dollar limits with the up-front administrative tasks already completed for the agencies.
- **Cost Avoidance** – Selected consultants engaged in a highly competitive RFP process where hourly rates were assessed as part of the evaluation process. Cost and terms were subsequently negotiated to provide a favorable framework under which agencies are now set to commence work. The program structure allows for further price negotiations and direct competition as agencies identify and pursue particular projects.
- **Quality Assurance** – Qualitative factors represented a large part of the evaluation criteria used to select the successful contractors. More than 30 evaluators from multiple agencies, skilled in their areas of expertise, thoroughly reviewed and assessed the firms that responded to the RFP. Evaluators took part in a robust evaluation process and selected the most qualified responders. The centralized contract administration efforts will entail a hands-on approach to performance monitoring so that performance issues are addressed and resolved quickly.
- **Speed and Administrative Ease** – An important feature is the importance of administrative ease in using the program. Much focus has been spent on making sure the process is not only streamlined, but also simple and intuitive so agencies' efforts to engage the valuable services of the contractors are not impaired by overly burdensome administrative requirements.

## **Agency Activity**

### **Departments of Revenue and Human Services**

Although the Program was recently launched, much activity is already underway to utilize the tools available to agencies. Early on, the Department of Revenue expressed interest in the program as a way to supplement existing efforts and has been an active participant on the steering and evaluation teams. Revenue is currently taking steps to utilize the program in the area of tax compliance. Likewise, activity is underway in the area of Human Services recovery audits with steps being taken by both the Human Services Department in Minnesota and the Health Services Department in Wisconsin.

### **Department of Administration**

**Strategic Sourcing** - After evaluating all responses to the request for proposals, the Commissioner of Administration awarded master contracts to three vendors in this area. The Department has reviewed the vendors' submissions, compared their proposals to previous work completed by public sector consultants as well as by state employees, and identified the areas of greatest potential opportunity for savings to the state. The Department plans to issue a statement of work to each of the three awarded vendors no later than March 15, 2012 and intends to negotiate one or more contracts by May 31, 2012.

**State Building Efficiency** - Two responses were received under the building efficiency category and the Commissioner of Administration has awarded master contracts to both vendors. In mid-December, vendors were engaged to provide more details on services offered and this information will be made available to state agencies during January 2012. State agencies will evaluate these solutions against existing strategies and capabilities to determine potential opportunities for savings. State agencies will have the option to issue a statement of work to each of the two vendors for assistance in assessing site specific needs and savings opportunities.

**Fleet Management** - A single response was received under the fleet management category for data analytics. The Commissioner of Administration awarded the contract to the sole responder, IBM. State agencies are evaluating opportunities to utilize this contract to promote improved management of the state fleet. The state will be meeting with the vendor to discuss potential opportunities in the first part of 2012.

### **Other Departments**

In addition to addressing several statutorily-based reform directives, the program is designed to accommodate a wide range of uses. Services in more generic areas of analytics such as "Customer-focused" and "Continuous Improvement" are anticipated to generate interest from agencies outside the boundaries of the specific legislative mandates. Interest in pursuing services in these more generic service categories has been demonstrated by agencies such as the Minnesota Zoo and the Office of Administrative Hearings.

## **Conclusion**

The development of the Data Analytics Master Contract Program is attributable to a significant cooperative effort enthusiastically approached by multiple state agencies. In total, more than 100 state employees participated in some manner to assist with planning activities, RFP development, evaluation processes, contract negotiations or program administration implementation. The Program is in its initial stages and specific project success stories will unfold as initiatives are pursued. Given the considerable energy and dedication demonstrated to utilize these important tools, there is much optimism and anticipation that this Program will be an important factor in realizing continuous improvement objectives statewide.

**This information will be made available in alternative format, e.g. large print or cassette tape, upon request at TTY 651.296.6280.**

Cost to prepare this report: \$940.00