August 2024

Software Procurement and Management | Policy and Procedure

POLICY OWNER:	Technology Department
POLICY APPROVED BY:	President & Chief Operating Officer
POLICY CONTACT:	Technology Department, help@water.org

Policy Contents

I. Policy Overview

Policy Statement

The Software Procurement and Management Policy and Procedure defines the steps and criteria for requesting and approving new software solutions and managing technology vendors with an aim to ensure that the software meets the organization's needs, budget, and standards. This policy outlines the categories of software needs and the specific steps required to request and receive approval.

Purpose

This policy's purpose is to have a standard process for receiving approval for and managing software and technology in our organization. It ensures we get quality products at good prices on time, protects our interests and ensures compliance.

Applicability

This policy applies to all departments and employees at Water.org

Governance

The **Technology Department** is the owner of this policy and is responsible for administering, reviewing, and making recommendations for updates or changes to this policy in alignment with business needs.

Violations

If any software is procured or installed without following this policy and procedure, the Technology Department will remove and/or disable the software or service.

II. Policy

This document outlines the essential guidelines and procedures for procuring software systems and technology, which must be adhered to in collaboration with the technology team to ensure compliance and alignment with organizational standards

1.1 Types of Investments:

Common types of Technology investment requiring business justification include the following:

- **Software as a Service (SaaS) and Software:** All software (which includes commercial off the shelf, trial, freeware, shareware, and open-source software)
- **Public Cloud:** Any type of computing including network, storage and compute where resources are offered by a third-party provider via the internet
- **Plugin / Market Place App:** Software applications that add capabilities to an existing program without impacting that program's code

1.2: Budget Allocation

The technology team will be responsible for managing software vendors and the associated contracts or subscriptions. In addition, the technology team will budget for the software costs associated with all digital systems utilized at Water.org. It is critical to ensure all software costs are clearly planned and communicated with the Technology and Finance team. Refer to the Procurement Process defined below for more details.

III. Approval and Responsibility

The acquisition of software and technology solutions will undergo an approval process based on certain criteria outlined below, along with the specified authorities responsible for approval. Additionally, the criteria for approval are detailed below.

Size of Investment:

The review and approval process for funding requests differs based on the size of the investment:

- **Small**:
  - Funding Size: Less than $10,000 annual subscription costs and implementation costs combined or total cost of ownership (TCO)
  - Complete the Software Procurement Business Case Template
  - Approval granted by the Director of Technology

- **Medium**:
  - Funding Size: Between $10,000 - $25,000 annual subscription costs and implementation costs combined or total cost of ownership (TCO)
  - Complete the Software Procurement Business Case Template
  - Review & approval by Director of Technology, COO or President and CFO

- **Large**:
  - Funding Size: Greater than $25,000 annual subscription costs and implementation costs combined or total cost of ownership (TCO)
  - Multi-Department impacts or changes to the system and processes or Org Project
  - User or Customer Facing
  - Complete the Software Procurement Business Case Template
  - Approval Process:
    - Requires at least 3 proposals from vendors for evaluation
  - Review & approval by majority vote of the Tech Steering Committee

- **Special Consideration:**

- Approval of investment > $300,000 is granted in line with Delegation of Authority and by majority vote of the Tech Steering Committee

Approval Process Guidelines and Considerations

The following criteria will be used by the business and technology teams to evaluate the solution for approval.

- **Business Needs Assessment:** Review the business use case and conduct a thorough assessment of the organization's current and future business needs. Identify the specific pain points, inefficiencies, and areas for improvement that the new system or module should address.
- **Compatibility and Integration:** Evaluate the compatibility of the new system or module with existing infrastructure, software, and processes. Ensure that we do not already have existing infrastructure or functionality and ensure seamless integration to avoid disruptions and maximize efficiency.
- **Scalability:** Consider the scalability of the new system or module to accommodate future growth and evolving business requirements. The system should be able to scale up or down easily to meet changing demands.
- **Cost-Benefit Analysis:** Perform a comprehensive cost-benefit analysis to determine the financial implications of purchasing and implementing the new system or module. Consider both the initial investment and long-term maintenance costs versus the expected benefits and return on investment (ROI).
- **Vendor Reputation and Support:** Research the reputation and track record of the vendor offering the system or module. Ensure they have a proven history of delivering quality products and reliable customer support services.
- **Security and Compliance:** Assess the security features and compliance requirements of the new system or module, especially if it involves handling sensitive data or regulatory compliance. Ensure it meets industry standards and organizational security policies.
- **User-Friendliness and Training:** Consider the user-friendliness of the new system or module and the ease of adoption for employees. Assess the need for training and implementation support to ensure a smooth transition and maximize user acceptance.
- **Customization and Flexibility:** Evaluate the level of customization and flexibility offered by the new system or module. It should be adaptable to specific business processes and customizable to meet unique requirements without significant modifications.
- **Future-Proofing:** Anticipate future technological advancements and industry trends when selecting a new system or module. Choose a solution that is built on modern architecture and technologies to ensure it remains relevant and supported in the long term.
- **Feedback and Stakeholder Involvement**: Solicit feedback from key stakeholders, including end-users, IT professionals, and department heads, throughout the evaluation process. Involve relevant stakeholders in the decision-making process to ensure their needs and concerns are addressed.

IV. Procedure

1. Procurement Process

Initiate the below process with a minimum of 90-days to complete the steps and approval process before implementing:

1. **Identify the need:** The first step in the process is to identify the need for new software and submit a simple intake form. This could be due to a variety of factors, such as outdated technology, lack of functionality, or the need for increased efficiency.
    1.1. To ensure timely processing, please submit your request(s) to the Technology team during the annual Ops and Budget planning period, which generally occurs in May.

1.2. If your request falls outside of the annual Ops and Budget Planning period, the software procurement process will take at least 90 days (about 3 months) to complete, so please plan accordingly.
1.3. The technology team will follow up with instructions with how to proceed with this procedure after the form submission

2. **Budget/Business Justification Submission:**
   2.1. Please complete the Project Initiation template and submit it to the Technology Team for review and feedback.
      2.1.1. Refer to this example use case
3. **Approval Process**
   3.1. Pending the approval of budget and business justification (refer to approval specifications and guidelines listed above) by categorizing the need for new software into different sizes, the organization can ensure that the appropriate level of approval and funding is obtained before proceeding with the procurement process.
4. **Request for Proposal (RFP)*:** Once the need has been identified, budget secured, and business justification approved, the organization, in collaboration with Technology Department, can issue a request for proposal (RFP) to solicit bids from software vendors. The RFP should include detailed requirements and specifications for the software.
   4.1. Sourcing and finding Potential Vendors:
      4.1.1. Market Research: Begin by conducting thorough market research to identify potential vendors in your required field. This could involve online searches or industry publications.
      4.1.2. Referrals and Recommendations: Ask peers, industry colleagues, or other business associates for recommendations.
5. **Evaluate Proposals*:** After receiving proposals from vendors, the organization should evaluate them based on criteria such as cost, functionality, vendor reputation and support. Refer to the Approval Process Guidelines and Considerations listed above for what criteria is used for evaluation.
6. **Select Vendor and Negotiate Contract:** Once a vendor has been selected, the Department Lead or Manager in collaboration with the Technology team can negotiate a contract that outlines the terms and conditions of the software procurement.
   6.1. The Legal Department reviews and agrees to the contract per the legal process and SLA. Submit proposed contract to contracts@water.org.
7. **Implement and Train:** After the contract has been signed, the organization can implement the new software and train employees in its use.
   7.1. If a new system or major change impacts multiple teams, connect with the Learning and Development team to coordinate learning and change management.

** Specific steps will be determined as necessary based on criteria like size of project or investment, organizational need or teams impacted, market competition, etc.*

2. Software and Vendor Management Process

Maintaining strong vendor relationships and accurate or appropriate software subscriptions and licensing is paramount to achieving consistent operational excellence and driving long-term business success.

The technology team will schedule meetings with each department and business lead at least two times a year to review current systems, future needs, and review upcoming contract deadlines. The technology team manages all software contracts, invoices, and renewals. The technology team will assist with software administration, but the expectation is that the business team will also provide a system administrator to manage the business rules, user permission/access, common configuration, and less technical aspects of the system.

There are three key sections to Software Management:

1. Nurturing Strong Relationships
    1. Establishing and Nurturing a Strong Relationship:
        i. Mutual Benefit: At the core of our vendor relationships lies the understanding that the collaboration should be beneficial for both parties. We engage in partnerships that offer value, be it in terms of innovation, cost-efficiency, or quality.
        ii. Regular Check-ins: Routine interactions, whether through meetings, feedback sessions, or joint workshops, help to keep the relationship vibrant and informed.
    2. Communication Protocols:
        i. Clear Guidelines: We establish clear communication guidelines detailing how and when communication should occur, ensuring timely and effective exchanges.
        ii. Dedicated Channels: Specific communication channels, such as dedicated email threads or software platforms, are set up to streamline interactions and avoid miscommunication.
        iii. Feedback Loops: Regular feedback sessions are conducted to exchange constructive criticism, commendations, and improvement suggestions, fostering a transparent and evolving partnership.
    3. Conflict Resolution Mechanisms:
        i. Open Dialogue: In the event of disagreements or issues, we prioritize open dialogue, ensuring that concerns are heard, understood, and addressed promptly.
        ii. Mediation: If needed, a neutral third party can mediate to help find common ground and solutions.
        iii. Escalation Protocols: Established escalation protocols ensure that unresolved issues are forwarded to higher management levels for resolution, preventing stagnation.
2. Performance Monitoring and Evaluation: By actively monitoring, assessing, and addressing vendor performance, we not only ensure our immediate requirements are met but also lay the groundwork for long-term, continuously improving vendor partnerships.
    1. Setting Key Performance Indicators (KPIs):
        i. Quantifiable Metrics: We establish specific, measurable KPIs tailored to the service or product the vendor provides. This could range from timely deliveries and quality benchmarks to customer satisfaction rates or cost-effectiveness metrics.
        ii. Alignment with Objectives: These KPIs are aligned with our organizational objectives, ensuring that vendor performance directly correlates with our broader business goals.
    2. Regular Review Meetings:
        i. Scheduled Sessions: We hold regular review meetings, often quarterly or bi-annually, to assess the vendor's performance against the set KPIs.
        ii. Data-Driven Reviews: These reviews are data-centric, relying on collected metrics to ensure objective evaluations and prevent biases.
    3. Addressing Performance Issues:
        i. Prompt Communication: Should any discrepancies arise between expected and actual vendor performance, we communicate these promptly, ensuring the vendor is aware and can rectify them.
        ii. Action Plans: In cases of continued performance lapses, we collaborate with the vendor to develop corrective action plans, detailing steps they'll take to address the issues.
    4. Feedback and Improvement Suggestions:
        i. Constructive Criticism: We believe in the growth potential of our partnerships. As such, we offer constructive feedback, pointing out areas where the vendor excels and where they can improve.
        ii. Collaborative Growth: We also welcome vendor suggestions on how we can facilitate their performance, creating a two-way feedback channel.

3. Contract Management and Renewal: By being proactive and organized about contract renewals, we not only secure valuable vendor relationships but also position our company for operational consistency and efficiency.
    1. Monitoring Contract Expiration Dates:
        i. Alerts: Within our asset and contract management system, we have set up or list of contracts, costs, subscription length and with renewal date, contact name, and business lead.
        ii. Review Timeline: Before a contracts' actual expiration, the technology team will initiate communications with the department and business lead to assess the vendor or systems overall performance during the contract term and new subscription terms, providing adequate time for informed decision-making.
    2. Negotiation Renewals or Extensions:
        i. Early Engagement: If satisfied with the vendor, we engage them well in advance of the expiration date to discuss renewal terms. This provides room for any necessary negotiations or adjustments.
        ii. Updated Terms: While negotiating renewals, we also consider any changes needed in the contract terms based on past experiences, changing needs, or market dynamics.
    3. Contract Termination Protocols: Even when we're inclined to renew, it's essential to be aware of the protocols in place for contract termination. This includes understanding notice periods, any associated costs or penalties, and processes to ensure a smooth transition if a contract is not renewed.

V. Additional Resources

Contact for Support

You may reach out to the Technology Department at help@water.org. For more personal or confidential questions or information please contact the Director of Technology, kbridges@water.org.

Related Policies

Project Initiation Template