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NASPO'S 2026
Public Procurement Case Study

NASPO

National Association of State Procurement Officials

The rapid development of internet technologies over the past two decades has transformed nearly every aspect of organizational operations—from how agencies communicate to how they manage logistics, data, and purchasing. Public procurement has been no exception. As governments modernize their administrative infrastructure, many states are turning to electronic procurement (eProcurement) platforms to digitize and streamline their purchasing processes. *eProcurement refers to the use of internet-based information and communication technologies to carry out various stages of the procurement cycle, including:*

- *Supplier registration*
- *Solicitation development*
- *Bid submission*
- *Evaluation*
- *Contract award*
- *Post-award management*

These systems offer a centralized, transparent, and auditable environment that enhances efficiency, reduces administrative burden, and promotes competitive bidding. Features often include:

- *Automated approval workflows*
- *Integration with financial or enterprise resource planning (ERP) systems*
- *Real-time tracking of solicitations and contracts*
- *Supplier self-service portals*

For state governments, adopting an eProcurement platform is not merely about digitization—it's about improving resilience, transparency, and accountability in how public funds are spent. As agencies across sectors—from health and human services to correctional and information technology—handle increasingly complex and high-volume procurement demands, eProcurement systems have become essential infrastructure for enabling strategic sourcing, driving cost savings, and ensuring compliance with state and federal regulations.

The numerous challenging aspects of selecting the appropriate eProcurement system integration and support packages at the right cost are reflected below in the fictitious state of Dirigo.

The Challenge

The clock is ticking. In a matter of hours, the Chief Procurement Officer (CPO) and executive team will demand a strategy that proves Dirigo can modernize procurement without sacrificing compliance, transparency, or financial stability. Billions in spending efficiency, the confidence of the Legislature, and the credibility of your office hang in the balance.

Your challenge is clear: weigh the strengths and weaknesses of StateBridge's modular implementation and support packages, match them against agency needs, and construct a plan that delivers measurable and meaningful success while ensuring long-term sustainability.

The appendix contains the detailed cost structures, package options, and agency requirements that will determine your path forward. Use them wisely—the outcome of this decision will define Dirigo's procurement future.

The Playing Field

You are Jordan Albright, the Deputy Chief Procurement Officer for the State of Dirigo, and you oversee more than $45 billion in annual spending across 123 state agencies. You lead statewide procurement operations by shaping policy, coordinating purchasing activities, and advancing strategic initiatives. Your work is about more than managing dollars and supplier relationships; it's about ensuring that every procurement decision aligns with the Governor's modernization agenda. You take deep pride in making sure procurement in your state remains compliant, transparent, and cost-effective, while helping agencies achieve their priorities in ways that deliver real value to the public of Dirigo.

Dirigo's procurement process is centralized, primarily paper-based, and is managed through an older ERP system that lacks user-friendly interfaces and real-time data tracking. State audits have repeatedly flagged inconsistent contract compliance, poor supplier performance tracking, and missed opportunities for discounts due to a lack of consolidated purchasing data.

These inefficiencies have resulted in:

A 3-year decline in local supplier engagement from 83% to 76%

A loss of $750 million in federal funding due to non-compliance in 2023 and 2024

Due to these shortcomings, the Governor of Dirigo has mandated an initiative to modernize government operations and increase transparency. You have been tasked with selecting and implementing a new eProcurement system with the objectives of:

- Streamlining procurement workflows
- Improving spend visibility
- Enhancing supplier engagement
- Increasing overall efficiency across state agencies

StateBridge Offerings

After a competitive selection process, the evaluation committee advanced StateBridge—a storied eProcurement system provider that specializes in public procurement—to contract negotiations. Their proposal offers a modular approach, *allowing Dirigo to mix and match implementation and customer support tiers to create a tailored plan.* At one end, the options deliver only the essentials—basic documentation and community support—while at the other, they provide full-service onboarding, change management, and 24/7 multilingual assistance.

The flexibility is attractive, but it also raises difficult questions: choosing the right balance of support and capability will determine not just whether the system launches successfully, but whether it can sustain long-term operational continuity.

You and your team must consider the implementation, customer support, and licensing costs. *The licensing costs are based on the highest level of implementation and customer support that your team chooses.* For example, if you choose the premium implementation package and the comprehensive support package, you would still be expected to pay for the premium licensing fee.

TABLE 1.1
StateBridge Implementation Packages

	RUDIMENTARY	LIMITED	COMPREHENSIVE	PREMIUM
YEAR 1	$3,200,000	$4,800,000	$6,300,000	$7,750,000
YEAR 2	$1,800,000	$2,200,000	$2,700,000	$3,250,000
TOTAL COST	**$5,000,000**	**$7,000,000**	**$9,000,000**	**$11,000,000**

The table above describes the combined implementation and licensing cost of each StateBridge implementation package by project year. It is expected that the new platform be implemented in its entirety within 24 months.

TABLE 1.2
StateBridge Customer Support Packages

	RUDIMENTARY	LIMITED	COMPREHENSIVE	PREMIUM
YEAR 1	$700,000	$1,000,000	$1,250,000	$1,750,000
YEAR 2	$350,000	$500,000	$750,000	$1,250,000
YEAR 3	$200,000	$300,000	$450,000	$700,000
TOTAL COST (10 YEARS)	**$1,306,000**	**$1,884,000**	**$2,576,000**	**$3,896,000**

The table above describes the cost of each StateBridge customer support package by contract year. The summation of each package over the average contract life of 10 years is presented in the final row of the table. The total cost reflects the sum of years 1–3 plus a recurring customer service fee of 4% applied annually over the average contract period.

TABLE 1.3
StateBridge Licensing Cost

	RUDIMENTARY	LIMITED	COMPREHENSIVE	PREMIUM
YEAR 0	$2,200,000	$2,700,000	$3,500,000	$4,500,000
YEARS 1–2	$1,800,000	$2,200,000	$2,750,000	$3,500,000
YEAR 3	$250,000	$280,000	$330,000	$420,000
TOTAL COST (10 YEARS)	$4,320,000	$5,268,400	$6,672,400	$8,537,600

The table above describes the cost of each StateBridge licensing package by project year. The summation of each package over the average contract life of 10 years is presented in the final row of the table. The total cost reflects the sum of years 1–3 plus a recurring licensing fee of 4% applied annually over the average contract period.

The following two tables provide a detailed description of what is included in both the implementation and customer support packages based on the level of service.

Integration Packages

	RUDIMENTARY	LIMITED	COMPREHENSIVE	PREMIUM
Implementation Assistance	Online self-service guides	Remote onboarding (8 hours of consulting) for basic configuration	Onsite onboarding (40 hours) with remote options aimed at assisting in setup, testing, and rollout	White-glove onboarding and change management. Dedicated implementation manager with unlimited consulting hours
Integration Support	Self-Service APIs for all systems. Clients' IT teams handle integrations themselves	Support for five ERP or procurement system integration. Including up to 20 hours of consulting and 10 hours of testing	Support for integration of up to twenty ERP or procurement systems. Includes 80 hours of tech consulting and 40 hours of testing	Full integration support for unlimited number of ERP or procurement systems, including legacy or proprietary systems. Unlimited tech consulting hours and custom platform development
API/SDK Access	Rudimentary API documentation with no developer support	API/SDK access with email-based developer support	Full API, SDK, and sandbox environment for testing integrations. Includes phone/chat developer support with AI MLM interface to assist in SDK and API development	Priority API access, early access to API updates, developer hotline for 24/7 support, and assigned technical architect dedicated to the client
Data Migration	Client-led migration with data import/export tools provided	Guided migration with software engineer for up to 1 million records. AI chatbot to assist in guiding mapping templates, validation, and debugging	Guided migration with senior software engineer for up to 10 million records. Includes business hours (8AM–6PM) online support for data mapping, cleansing, and test migrations. AI MLM/Chat platform available 24/7 to assist in data migration. Assurance policy is provided in case of data loss	Full-service migration of unlimited records, including data transformation, cleansing, and QA. Vendor has full responsibility for the migration and an assurance policy (insurance) is provided in case of data loss
Training	Access to online self-paced training library	Up to 2 live instructor-led virtual training sessions of 2 hours in length for admin and end users yearly	Up to 4 live instructor-led virtual training sessions and 2 onsite training sessions offered yearly. Yearly certification course for admin available	Unlimited virtual training sessions, 4 onsite training sessions, 2 custom workshops for all users with role-specific enablement plans offered yearly
Customization Support	No customization support; clients use standardized features	Minor UI adjustments for branding, colors, logos	Workflow customization and configuration of approval rules or templates for regulations compliance	Full customization of workflows, dashboards, reporting, and UI branding completed by the supplier (guided by client admin). Includes UX consulting through dedicated UX professional
Feature Updates Access	Quarterly notifications detailing new releases and functions offered/improved	Monthly email updates to client admin with release notes and feature highlights	Weekly email updates to all users with release notes and feature highlights. Early access to unreleased features and priority bug fixes for issues reported by the client admin	Same update notifications as Comprehensive. Roadmap influence enabled that grants the ability of client admin to request new features and priority access to them

Customer Service Packages

	RUDIMENTARY	LIMITED	COMPREHENSIVE	PREMIUM
Support Availability	No live support-only community forums and online documentation. Client IT team virtually trained to manage their own system	Business hours (M–F; 8 AM–6 PM in supplier time zone). Client IT team trained onsite to manage system	Extended support (M–F; 6 AM–10 PM client time zone), weekend coverage (10 AM–4 PM client time zone) for critical issues. AI chatbot available 24/7 for non-critical issues. Client IT team trained onsite and assigned support engineer from supplier for critical issues	24/7 Global support with multilingual agents across all time zones, custom AI chatbot available for non-critical issues. Client IT team trained onsite and assigned senior support engineer for critical issues
Support Channels	Most issues go through client IT team. Supplier-provided support is email-only for ticket submissions during supplier business hours; no priority access	Email and live chat for faster response to common issues (business hours in client time zone); priority ticket submissions for critical issues	Email and live chat available 24/7; phone support for real-time resolutions of complex issues (M–F, 6 AM–10 PM; Sat–Sun, 8 AM–5 PM); AI chatbot available 24/7 for non-critical issues	Global email, live chat, phone support available 24/7 with multilingual agents across all time zones. In-app support widget containing Q&A, AI chatbot, and live chat for contextual assistance
Response Time (Severe = 1)	Response within 3 business days; dependent on community activity	Response within 8 business hours	Response within 2 business hours	Response within 30 minutes
Response Time (Moderate = 2; Low = 3)	Response within 6 business days; dependent on community activity	Level 2 issues addressed within 24 business hours; Level 3 issues adressed within 48 business hours	Level 2 addressed within 8 hours; Level 3 addressed within 24 hours	Level 2 addressed within 2 hours; Level 3 addressed within 8 hours
Proactive Monitoring & Alerts	All monitoring delegated to client IT team. Supplier only has reactive support through tickets	Monitoring only for major outages and critical system failures. Client IT team handles non-critical monitoring	Monitoring for critical and performance issues with automatic notifications to admins	Full-system health monitoring, AI-assisted predictive issue detection, regular performance reporting to all users through in-app widget
Service-Level Agreements (SLAs)	None	99% uptime guarantee, defined response time for Level 1 tickets	99.5% uptime guarantee, faster response & resolution targets for all ticket levels, financial penalties for SLA breaches, AI-assisted ticket resolution	99.9% uptime, priority case handling, financial penalties for SLA breaches, dedicated support team assigned by supplier, AI-assisted ticket resolution
Account Management	None	Shared account manager for annual check-ins and escalations	Dedicated account manager for proactive relationshp management and quarterly reviews	Senior strategic account manager with monthly business reviews and escalation oversight
Customer Success Engagement	None	Annual virtual check-in to review usage and adoption	Annual onsite check-in; quarterly check-in calls to analyze usage, KPIs, and recommend optimizations	Quarterly onsite check-in; monthly strategic review calls with detailed ROI analysis, adoption metrics, and roadmap input
Escalation Path	Standard queueing in community forums only	Standard escalation path through support team hierarchy	Priority escalation path with direct access to senior support engineers for Level 1 cases	Direct escalation to senior support leadership and technical experts for mission-critical issues

Key Points of Evaluation

To gain approval from the CPO and Executive staff, you know your team must at least address the following:

- ☐ Budget Constraints
- ☐ Technical Considerations
- ☐ Change Management & Training
- ☐ Agency Alignment
- ☐ Timeline

BUDGET CONSTRAINTS

Dirigo's State Legislature has allocated $15 million in capital funding, distributed over three fiscal years. Any proposed solution should show long-term cost savings and include tools for tracking grants tied to federally funded programs. Additionally, any appropriated funds not expended within the fiscal year will revert to the state's general fund, adding pressure to ensure that resources are deployed efficiently and on schedule.

If your team's proposal is not capable of being funded by the original $15 million, you will need to demonstrate how the Central Procurement Office will make up the rest of the funds needed.

TECHNICAL CONSIDERATIONS

Core functionalities could include:

- Real-time spend analytics to enhance financial oversight
- Electronic bid submission to streamline supplier engagement
- Support for indefinite statewide contracts
- Automated approval workflows to minimize delays and errors

The system might also offer robust contract lifecycle management capabilities to monitor performance, ensure compliance, and manage renewals effectively.

Security and reliability are also critical. *The Governor has mandated a minimum of 99% system uptime to avoid operational disruptions* and reduce the risk of non-compliance, particularly for federally funded programs.

CHANGE MANAGEMENT & TRAINING

Training existing public procurement professionals and onboarding new hires on the new eProcurement system will present a myriad of challenges. There is pressure to quickly train staff across the state and to ensure that the state has the support needed to train new staff over the coming years. Failing to prepare staff on the new eProcurement system would derail the long-term aspirations of this program before it even gets off the ground.

AGENCY ALIGNMENT

Dirigo's 123 agencies are accustomed to operating independently and remain cautious about shifting toward a more centralized procurement model. Balancing competing agency concerns will be a challenge given the differences in daily agency operations and needs. **To support a smooth transition, the system should achieve at least 80% agency participation within 18 months of implementation and 100% agency participation by 24 months.**

As part of the research process, your team interviewed several department heads across various agencies. Given the importance of agency adoption for the successful implementation of the new eProcurement system, these interviews provide context for what is most important to some of the agencies that would be using the new platform on a daily basis. In addition, your team also interviewed the Chief Information Officer (CIO) of the state to learn about potential cybersecurity and data access concerns. Transcripts are available from the following interviews:

1. Chief Information Officer (Appendix E)
2. Department of Health and Human Services (Appendix F)
3. Department of Parks & Recreation (Appendix G)
4. Department of Corrections (Appendix H)

TIMELINE

The Governor's mandate requires that the implementation of the eProcurement system must begin within 6 months for contract awarding. *In addition, the full system must be completed and active within 24 months of the contract awarding date.*

Next Steps

The countdown is on. In just a few short hours, the CPO and executive team will be expecting answers—clear, confident, and decisive. Every line of the mandate has been meticulously reviewed, debated, and distilled into the questions that will define the fate of Dirigo's new eProcurement System. This is the final huddle, the moment before stepping into the spotlight. You turn to your team, the weight of strategy and success hanging in the balance, and with unwavering focus, you drive home the questions that must be answered:

1. Is it possible to meet Dirigo's stated requirements while remaining within the proposed budget?

2. How will your team balance integration and customer service support to fully meet the requirements of the eProcurement system while remaining within budget?

3. How does your team propose that the acquisition and operation of the new eProcurement system will be funded in the long-term?

4. How will your team ensure proficiency in the new system for current and future state employees?

5. What Key Performance Indicators (KPIs) will your team utilize to demonstrate a return on investment (ROI) for the new eProcurement system to the Governor's office, the Legislature, and agency stakeholders?

Case Study Appendix

A: Dirigo RFP Excerpt

B: eProcurement System Module Definitions

C: Proposed Funding Structures

D: System Funding Models Definitions

E: Interview with Chief Information Officer (CIO)

F: Interview with Department Head of Health and Human Services

G: Interview with Secretary of Parks & Recreation

H: Interview with Associate Head of Department of Corrections

I: Glossary Terms

Appendix A:
Dirigo RFP Excerpt

41. VENUE

The laws of the State of Dirigo, U.S.A. shall govern in connection with the formation, performance, and the legal enforcement of any resulting contract. Further, Title 21, D.R.S. as amended, Article 98 through 120 and Rules adopted to implement the statutes govern this procurement.

SECTION 2: BACKGROUND, OVERVIEW, AND GOALS

The State of Dirigo is a coastal Appalachian state with a population of approximately 6 million residents and an annual Gross Domestic Product (GDP) of $400 billion. Dirigo's economy is anchored by several key industries, including aerospace manufacturing, agriculture (notably dairy and grain production), healthcare, shipping, and an emerging technology sector specializing in data analytics and automation. The state also benefits from significant natural and logistical assets, including a deep-water seaport and a nationally recognized park system.

Current Procurement and Payables Environment

Dirigo's Central Procurement Office (CPO) oversees more than $45 billion in annual state expenditures across 123 state agencies. The current procurement environment is a mix of centralized policy oversight and decentralized operational practices, with agencies maintaining varying procurement workflows, documentation standards, and technology tools. This variation, combined with legacy manual processes, has created challenges in spend visibility, contract lifecycle management, compliance monitoring, and supplier engagement.

The State Legislature has issued a modernization mandate to increase efficiency, transparency, and accountability in public procurement. This includes the adoption of secure, cloud-based technology solutions that integrate seamlessly with the state's existing financial and administrative infrastructure.

GOALS
eProcurement Project Objectives

Through this solicitation to the State intends to review all available solution functionalities to modernize the State's procurement and payment systems, including sourcing and contract management. The State wishes to partner with a supplier providing a cost effective, highly capable environment that easily demonstrates the Return on Investment (ROI) while providing efficiencies for the stakeholder departments and suppliers registered to the system. The State has a working knowledge of the benefits of eProcurement and system capabilities but looks to responding vendors to provide the detail in response on the full suite of capabilities available to the State in a solution.

The State intends an eProcurement solution that supports and complies with all State and Federal statues, regulations, policies and guidelines relevant to procurement including soliciting, awarding, processing, executing and overseeing contracts. The functionality the State of Dirigo envisions in a solution would comprise full purchasing, sourcing, contracting, and related capabilities.

Functionalities that the State desires in an eProcurement system include:

A. Core Procurement Functionality

- eInvoicing for vendor invoice upload directly into the eProcurement system, providing a single repository to prevent misplacement, eliminate duplicate submissions, and increase rebates by leveraging established payment terms
- Contract management tools supporting indefinite statewide contracts and contract lifecycle tracking
- Customizable workflows for grant-funded procurements, expedited emergency contracts, and procurement sorting by funding source
- Supplier registration and engagement portal with automated onboarding, compliance verification, and targeted outreach to increase supplier participation
- Support for Small Business Enterprises (SBEs) and Disadvantaged Business Enterprises (DBEs) to access state contracts
- Supplier self-service catalog management with real-time updates and pricing change approval workflows
- Sustainability tracking to report on environmentally preferred purchases and vendors
- Cooperative purchasing functionality enabling local governments to access and utilize state contracts

B. Integration and Interoperability

- Seamless integration with existing agency-specific financial management systems and the State's ERP, document management, and payment platforms
- Comprehensive integration support, including APIs and connectors for current and future systems
- Automated grant tracking integration to tag and monitor grant-funded expenditures, with compliance alerts

C. Security and Compliance

- End-to-end encryption, multi-factor authentication, user activity logging, and intrusion detection to mitigate cyber risk
- Compliance with NIST cybersecurity standards and Federal grant audit requirements
- Access to software patch notes and priority release of new updates
- Audit reporting and monitoring tools for regulatory compliance and grant management

D. Performance and Availability

- 99% Service-Level Agreement (SLA) to minimize downtime and operational disruptions
- High-availability hosting with disaster recovery and business continuity measures
- Mobile access enabling field personnel to submit, approve, and track purchases remotely

E. Analytics and Transparency

- Robust spend analytics tools for administration, vendor performance evaluation, contract negotiations, and relationship management
- Public transparency reporting of solicitation opportunities, contract awards, and spending data
- Customizable dashboards for agency-specific and statewide reporting

F. Training and Adoption

- Training courses, role-based learning materials, and train-the-trainer programs designed to minimize administrative hours to proficiency
- On-demand training modules and multilingual support for diverse user groups
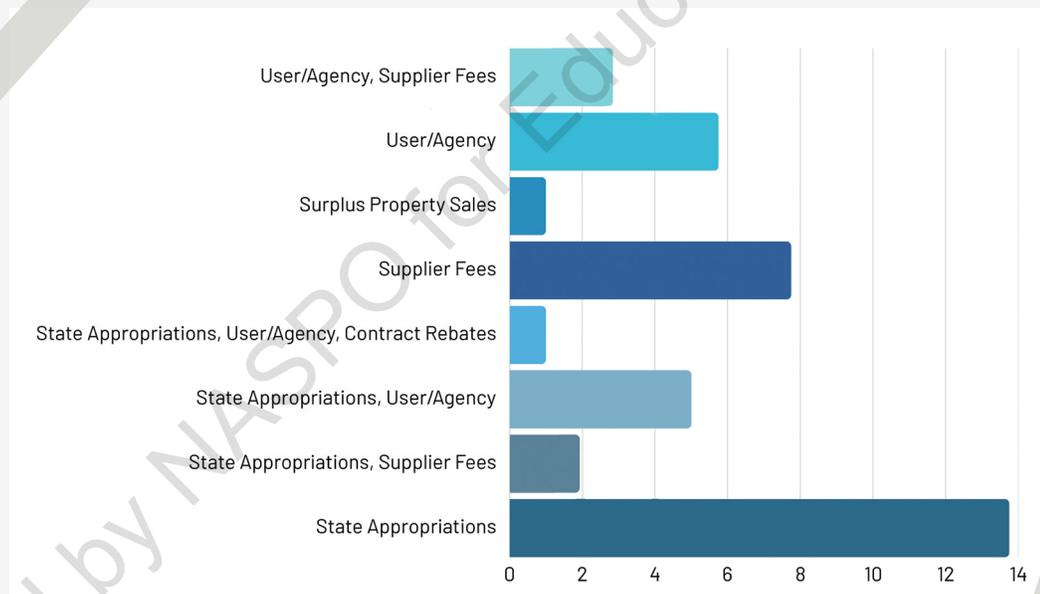
Appendix B:
eProcurement System Module Definitions

SYSTEM MODULE	DEFINITION
Supplier/Vendor Registration to Bid	Onboarding for new suppliers that captures profiles, certification, approvals, and authorization for participation in procurement events (e-Auction). Typically, a public registration portal captures vendor profile, product categories (UNSPSC), certifications, banking, and compliance data. Includes the approval workflows with notifications.
Sourcing/Solicitation Creation and Management	Tools for RFI/RFP/RFQ creation, suppliers invites, bid collection & evaluation. The platform must support e-tendering and, if permitted by the state, reverse auctions. Buyers create RFIs, RFPs, and RFQs through standardized templated held within the eProcurement system. Primary features are bid submission, evaluation workflows, status tracking, and auction support.
Contract Creation & Management	Centralized repository of vendor contracts, methods, performance metrics (KPIs), and compliance status; a sub-element of supplier management in P2P systems. The module has a built-in CRM (Customer Relationship Management) software that stores multiple contracts per vendor (billing, delivery, contract) which manages contract roles and permissions. Most states have public databases that store registered suppliers (typically tied to their eProcurement Portal) with information on the company name, main contact (with phone & email), business address, status in the eProcurement system, certifications (such as SBE, BE, or NPWC).
Requisition to Purchase Order	User-facing requisition via a cart or form, routed through approvals; converts into a PO upon approval, sent to the vendor electronically. It should be noted that the most common request item is through a form—which once filed, and bidding window closed (if there was one)—is routed through the approval hierarchy based on account codes. Requests that are approved automatically generate POs and notifications are automatically transmitted electronically to vendors that are tied to the UNSPSC commodity code in email and/or through the vendor portal.
Receiving	Goods/Services received against PO, and receipts are recorded; supports three-way matching (PO, receipt, invoice).
Invoice Processing/ Matching	Suppliers submit invoices; system matches with PO and receipt, flags discrepancies, processes approvals, and sends to AP.
Financial Management (Budget and Payment)	Any eProcurement should have multiple integration points that include budget checks, spend tracking, payment approval, and integration with financial/ERP systems.
Procurement Reporting	Analytics across sourcing, spend, vendor performance, process KPIs; includes dashboards and standardized reports.

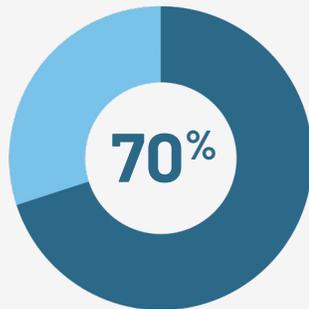# *Appendix C: Proposed Funding Structures*

During the most recent round of meetings, your team completed research on how various states fund their eProcurement systems. To gain a national perspective, the team engaged with the National Association of State Procurement Officials (NASPO), which **provided funding data** and comparative insights (see graph below).

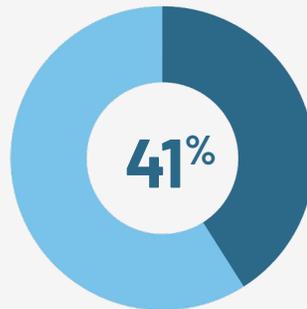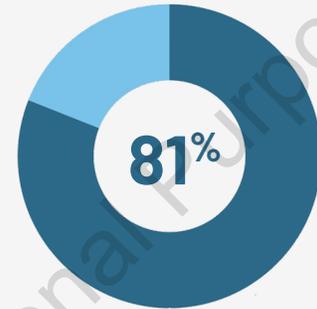## Procurement System Funding Methods
(39 States and Puerto Rico)

Horizontal bar chart showing funding methods (x-axis: 0 to 14):

- User/Agency, Supplier Fees: ~3
- User/Agency: ~6
- Surplus Property Sales: ~1
- Supplier Fees: ~8
- State Appropriations, User/Agency, Contract Rebates: ~1
- State Appropriations, User/Agency: ~5
- State Appropriations, Supplier Fees: ~2
- State Appropriations: ~14

WHO PAYS?
Percentage of States that Charge Administrative Fees to:

70%	41%	81%
STATE AGENCIES	**POLITICAL SUBDIVISIONS**	**SUPPLIERS**
26 of 37 Qualifying States	15 of 37 Qualifying States	30 of 37 Qualifying States

Within the United States, many states rely on state appropriations, where legislatures allocate public funds directly from the annual budget to cover procurement system costs. This approach offers predictability and alignment with statewide modernization efforts, but it is vulnerable to annual budget negotiations and shifting political priorities. For example, Virginia's eVA system has been largely appropriations-funded, enabling consistent system upgrades, though long-term sustainability remains tied to legislative approval.

Other states supplement or replace appropriations with supplier fees, user or agency fees, and contract rebates. While this creates a sustainable revenue stream, it risks supplier resistance or higher end costs passed to agencies. Similarly, user or agency fee models distribute costs according to system usage–ensuring fairness in principle but raising challenges for smaller agencies with limited budgets. Contract rebate models, often structured as a percentage of sales from statewide contracts, also generate steady revenue but may inadvertently burden smaller or disadvantaged businesses.

Taken together, these funding models illustrate the trade-offs states face in financing major procurement infrastructure. Appropriations provide consistency but lack independence from political processes, while fee-based models create self-sustaining revenue but risk unintended impacts on supplier

diversity and pricing. For Dirigo, you and your team must weigh these options carefully to identify a structure that ensures both long-term financial stability and equitable supplier participation across the state's procurement landscape.

Appendix D:
System Funding Models Definitions

FUNDING MODEL	DEFINITION
State Appropriations	If permitted by state law, public funds within the annual budget are appropriated by the State Legislature for the development, implementation, and maintenance of an eProcurement system. This can include CapEx for software, hardware, and operational expenses for personnel, training, and ongoing support.
User/Agency Fees	Fees are charged either as a direct charge to each state agency (or user) or a percentage based on the usage of specific contracts or transactions processed through the system.
Fixed Fees	Fees with a fixed annual amount based upon a percentage of the upfront cost (aka. total cost of acquisition) of the purchase, implementation, and maintenance of the system. Historically, this was the most common fee for eProcurement system funding.
Contract Administration Fees	Fees that are typically associated with statewide and cooperative contracts. Awarded contractors are required to submit sales reports (monthly or quarterly) and pay a percentage of the sales to the state for that period.
Transaction Fees	Fees that are a percentage fee that is applied to each order received by the supplier or to each invoice submitted by the supplier. There may be a cap set to limit the number of fees that can be charged on an individual order or invoice.
Contract Rebates (Supplier-Collected Fees)	Percentage-based fees that system vendors pay to the state or the eProcurement system admin based on the total value of sales transacted through the awarded contracts. These are typically negotiated during the contract awarding process and are collected by the vendor from their revenue after fulfilling the contract.
Public-Private Partnership (P3)	Funded through supplier transaction fees that the eProcurement system admin charges. In some cases, the revenue is split with the state. However, most often, the eProcurement provider receives all of the revenue to offset the costs to implement and support the system.

Appendix E:
Interview with Chief Information Officer (CIO)

Interviewer: Thanks for joining me today. As we move forward with procuring a new eProcurement system for our state, ensuring the confidentiality and integrity of procurement data is more important than ever–especially in light of rising cybersecurity threats across the public sector. As we understand, one of the primary concerns is the security of the data it will handle. What are your thoughts on the risks we should prioritize?

CIO: With the increasing sophistication of cyberattacks, our focus must be on ensuring the security and integrity of the data managed by the eProcurement system. The risks range from data breaches to ransomware attacks, all of which could severely disrupt our procurement processes. For instance, a breach exposing vendor payment details or contract evaluation data could erode trust and push vendors away from us. This would lead to a significant drop in vendor registration, state revenue, and potentially delay state projects by months or even years.

Interviewer: Absolutely, those risks are significant. Could you elaborate on the best practices we should consider to mitigate these risks?

CIO: Certainly. First, we need to ensure that the system we choose complies with all relevant security standards and regulations. This includes end-to-end data encryption to protect sensitive information from unauthorized access.

Interviewer: Encryption is indeed vital. What about other technical measures?

CIO: Another key practice is the implementation of robust access controls. We need to ensure that only authorized personnel have access to the eProcurement system, and we can do this through a multi-factor authentication system which will significantly increase the difficulty of outsiders to access the system.

Additionally, all personnels' activities should be monitored and logged through an intrusion detection system which will act as a second barrier and promptly report any suspicious behavior. Logs also support forensic investigations in case of incidents and can be used for compliance reporting. Finally, we would want a zero-trust approach to the design of the system that limits lateral movement in case of a breach. Information security breaches can, and will, happen. However, with a zero-trust approach, hackers will be unable to move laterally within system and cause serious damage before we are able to deal with their intrusion.

Interviewer: A system that is fragmented and has a monitoring program seems essential. How about the role of regular audits and updates?

CIO: Regular security audits are critical to identify and address vulnerabilities in the system. Additionally, ensuring that the software is always up to date is vital to protect against newly discovered threats. Patch management policies should be in place to apply these updates as soon as they are released by the vendor.

Interviewer: With the software aspects covered, should we also focus on training for our staff?

CIO: Absolutely. Human error is often a significant security risk. Regular training on cybersecurity best practices and the specific features of the eProcurement system can help minimize this risk. Staff should be aware of phishing attacks and other common tactics used by cybercriminals.

Interviewer: That sounds comprehensive. How do you recommend we handle third-party risk, especially for vendors and subcontractors with access to the system?

CIO: Third-party risk is the most common vector for breaches. Any vendor with system access, especially those handling sensitive data or maintenance, must be subject to the same or stronger security standards as internal staff. We plan on implementing a third-party risk management policy that includes vetting security practices during procurement, requiring NDAs, and conducting periodic reviews of their security practices. Contracts should also include clauses on breach notification timelines, responsibilities, and indemnification.

Interviewer: Finally, in the event of a security breach, what measures should be in place?

CIO: Having a clear incident response plan is crucial. This plan should define the steps to take during a breach, including containment, communication, and remediation strategies. Regular drills are also vital to ensure everyone understands their responsibilities during an incident.

Interviewer: We can definitely bring this up when we meet with the executive staff. However, I want to make sure I understand all the standards your department expects from the system. As mentioned, the system must comply with state and federal security requirements, such as data encryption, multi-factor authentication, and strict access controls. The system also needs to be highly reliable, with strong uptime guarantees and the ability to operate during emergencies, natural disasters, or sudden spikes in usage. Lastly, the system must be scalable, meaning it can support all 123 agencies without slowing down as more users join or the state grows.

CIO: It seems like you have everything from us. A good way to think about it is this: the state isn't just buying software—it's investing in a platform that must operate 24/7, handle millions of dollars in transactions, and safeguard mission-critical data. These standards help ensure any solution we choose can do that reliably and safely. So even if someone isn't technical, the overall idea is simple: we need a system that is secure, stable, and capable of growing with us.

Interviewer: Great, thank you for sharing these insights. Making sure our eProcurement system stays secure is definitely a complex task that needs ongoing focus and adjustments.

CIO: Indeed, keeping our procurement data safe starts with a culture of security awareness and responsiveness. Ultimately, cybersecurity isn't just an IT issue —it's a shared responsibility between system users, procurement leaders, and technology partners. With the right systems and practices in place, we can significantly mitigate the risks and ensure a secure procurement process for the state.

Appendix F:

Interview with Department Head of Health and Human Services

Interviewer: Thank you for meeting with me today. As we continue evaluating vendors for the state's new eProcurement system, I'd like to learn more about the specific needs and concerns your department has. To begin, can you tell me a bit about how procurement currently functions within DHHS?

DHHS: Of course. Given our size and scope, our procurement is highly decentralized. Different divisions — like public health, behavioral health, child welfare services, and Medicaid operations — each manage distinct purchasing workflows. These range from goods like medical supplies to complex service-based contracts with nonprofit providers and local governments. This variety makes standardization difficult, which is why we're very interested in a system that can support both centralized oversight and flexible, program-specific workflows.

Interviewer: That makes sense. Are there particular features or capabilities you're prioritizing in an eProcurement system?

DHHS: Yes. First, we need contract management tools that can handle multi-year, multi-agency human services contracts. Many of our vendors are long-term partners like foster care agencies or substance abuse providers, so re-newals, amendments, and performance tracking need to be centralized and transparent.

We also need the system to accommodate grant-funded procurements. Federal and state grants often have their own eligibility rules, reporting timelines, and allowable cost structures. The system should allow us to tag purchases by funding source and generate grant-specific audit reports when needed.

Interviewer: That's helpful. Integration is another area we're considering. Are there existing platforms or data systems the eProcurement solution would need to work with?

DHHS: Absolutely. We have several systems — including our financial management platform, a case management system, and a data warehouse for public health reporting. Integration is critical so that data flows smoothly and we can avoid double entry. Additionally, for HIPAA-sensitive programs, we require that any system-managing vendor or service data meets HIPAA compliance standards for data security and access control.

Interviewer: That's a critical point. How do you see this system supporting staff during the implementation and adoption process?

DHHS: Staff capacity remains a key consideration. Many of our frontline staff—such as social workers, nurses, and program managers—are responsible for procurement activities but are not procurement specialists. Therefore, the system must be highly intuitive and designed to minimize administrative burden. Given the high turnover within our department, the availability of internal trainers and on-demand training materials will be essential to support ongoing onboarding and system familiarity.

We also require regular training sessions—on a quarterly basis—led by a system expert to ensure our users remain proficient as system features evolve. Around-the-clock technical support is critical to help resolve issues quickly and avoid disruptions to our operations. In addition, we need role-based training tailored to the varying responsibilities and experience levels of our staff, from entry-level requisitioners to senior contract managers. Finally, incorporating language accessibility for multilingual users would enhance usability and equity across our diverse workforce.

Interviewer: Understood. What about mobile access or field-based capabilities? Is that something your department would benefit from?

DHHS: Definitely. Many of our users are in the field — whether it's public health inspectors, social workers, or emergency response teams. The ability to submit, approve, or track purchases remotely would improve efficiency.

It's especially important during public health crises or natural disasters when procurement often ramps up unexpectedly.

Interviewer: Are there any procurement challenges that are unique to DHHS that the system should be able to support?

DHHS: Yes, several. One major challenge is procurement of services rather than goods—especially in human services. Evaluating providers, collecting qualitative performance data, and tracking deliverables over time requires more than a traditional itemized purchasing model. We'd need the system to support milestone- or outcome-based payments, flexible contract scopes, and embedded document repositories for reports and invoices.

Another challenge is that many of our providers are small nonprofits or rural suppliers that may not be technically sophisticated. The system should make vendor registration and engagement as easy as possible—ideally with guided registration and document upload support.

Additionally, emergency procurement is a critical function for us, especially during public health crises, natural disasters, or service disruptions in areas like shelter services, food distribution, or medical response. For example, during the COVID-19 pandemic and recent flood events, we had to rapidly procure PPE, mobile clinics, and temporary housing with little lead time.

In those situations, we need the eProcurement system to support expedited workflows that bypass standard approval chains without sacrificing auditability. Ideally, the system should have pre-configured emergency procurement templates, vendor rosters for high-priority goods and services, and the ability to flag purchases as "emergency" for downstream reporting. Integration with our emergency operations center or incident response teams would also be valuable, so we can coordinate purchases across agencies in real time.

It's about balancing speed with compliance. We need flexibility, but we also need transparency and traceability in every step.

Interviewer: Thank you. This has been incredibly informative. I'll make sure your department's needs — especially around service-based contracts, grant tracking, HIPAA compliance, and field-based accessibility — are incorporated into our requirements documentation.

DHHS: Thank you. We're looking forward to a system that doesn't just automate procurement but truly supports the complexity and mission of human services delivery.

Appendix G:
Interview with Secretary of Parks & Recreation

Interviewer: Thank you for meeting with me today. As we move forward with procuring a new eProcurement system for the state, understanding the specific needs of each department is crucial. Can you start by telling me about the current procurement process at the Department of Parks and Recreation?

SPR: Absolutely. Currently, we operate with a very manual process that's largely paper-based. It's time-consuming and, frankly, inefficient given our small staff size. For example, processing even a simple maintenance contract requires multiple rounds of printed approvals and interoffice mail, which delays projects by weeks. We're definitely interested in transitioning to an eProcurement system that can streamline our operations.

Interviewer: That's a valid concern. What is your department's primary concern about adopting a new system? Have you considered how you would approach change management internally, given your team's limited resources—for example, assigning a point person for implementation or offering peer-led training?

SPR: Our primary concern is the learning curve associated with any new technology. Our team is small, and while we're capable, there's always the worry about the time and training required to get everyone up to speed. We don't have the manpower to assign a specific person to implementation, as we are all kept busy with the many different hats we wear in our daily processes. It would be very helpful to have an implementation professional who can teach our team how to use the system and be able to provide us with support when questions or challenges arise. Overall, we need a system that is user-friendly, doesn't require extensive IT knowledge, and has external support.

Interviewer: Understood. How about the integration with your existing systems? Any challenges you foresee there?

SPR: Yes, integration is another concern. We currently utilize a legacy system that is quite outdated, so compatibility could be an issue. Most of our staff are comfortable with the legacy system tools, and we're hoping for an eProcurement solution that can either seamlessly integrate with the existing tools or replace them without causing significant disruption to our daily operations.

Interviewer: It sounds like ease of use and integration are key for you. How do you see an eProcurement system improving your department's operations?

SPR: An effective eProcurement system would drastically reduce our administrative workload. It would allow us to manage contracts and supplier relationships more efficiently, track expenditures better, and speed up the procurement cycle. This efficiency is crucial for us to focus more on our core mission of managing and enhancing state parks.

Interviewer: Do you have specific features or capabilities you're looking for in an eProcurement system such as reporting requirements or compliance standards your department must meet that the system should support?

SPR: Definitely. We are required by Dirigo State Code to submit regular reports on our procurement activities, so we would need robust reporting features. The system needs the ability to set up and manage contracts, and tools for vendor management. Finally, given our small team, a system that offers automated workflows and alerts would be beneficial to help manage tasks without needing constant manual oversight.

Interviewer: Understood, system alignment with state code is crucial for your department's success. Does your department have any goals related to vendor diversity or sustainability that the new system should help facilitate?

SPR: Yes. We give contract evaluation preference to DBEs—such as VBEs, WBEs, and LGBTBEs—which enables us to grow our communities, and we

would like to continue that effort in the digital environment. Ideally, the new eProcurement system would allow us to flag or filter certified diverse vendors easily, track participation rates, and generate reports that demonstrate our commitment to inclusive procurement. Additionally, we're currently exploring sustainable purchasing practices. For example, we are prioritizing working with vendors who offer environmentally friendly products or services. It would be helpful if the system could support these criteria within solicitation templates or scoring rubrics to help institutionalize these values.

Interviewer: Thank you, that's a helpful list. Lastly, what kind of support do you envision needing from the eProcurement system provider during the implementation phase?

SPR: We'd need comprehensive support, especially during the initial roll-out. Training for our staff is essential, and ongoing technical support would be critical to address any issues as we adapt to the new system. We'd also appreciate guidance on best practices for eProcurement to ensure we're maximizing the benefits of the system.

Interviewer: Thank you. To recap, your priorities are a user-friendly interface, minimal disruption, integration flexibility, automated workflows, and strong implementation support. Your input is invaluable and will help us choose a system that not only meets the state's needs but also addresses the unique challenges faced by smaller departments like yours.

SPR: I appreciate you taking our concerns into account. We're looking forward to seeing how a new eProcurement system can help us be more efficient.

Interviewer: Absolutely, we'll keep these points in mind as we evaluate our options. Thanks again for your time today.

Appendix H:
Interview with Associate Head of Department of Corrections

Interviewer: Thank you for meeting with me today. To start, can you share what specific features you are looking for in an eProcurement system for the Department of Corrections?

AHDC: Certainly. Our main focus is on security and robust access controls. Given the nature of our operations, we need an eProcurement system that ensures sensitive information is protected and that access is restricted based on user roles.

Interviewer: When you mention robust access controls, do you also anticipate needing features like multi-factor authentication, audit logs, or role-based permissions tailored to facility types?

AHDC: Yes, all of those are essential. Especially audit logs – we need to maintain a detailed record of procurement activity for compliance and internal investigations.

Interviewer: That makes sense. How about integration capabilities? Are there existing systems in place that the eProcurement system would need to work with?

AHDC: Yes, integration is crucial. We currently use several systems for inventory management, financial tracking, and inmate management. The eProcurement system should seamlessly integrate with these to avoid data silos and ensure continuity in operations.

Interviewer: What are your concerns about the adoption process for the new system?

AHDC: My main concern is the learning curve and resistance to change. It's vital that the system is user-friendly and that sufficient training is provided to all staff members. We need to ensure that the transition does not disrupt our daily operations.

Interviewer: Understood. Regarding system functionality, are there specific procurement processes you need the system to handle more efficiently?

AHDC: Yes, we're particularly interested in improving our vendor management and contract management processes. The ability to automate these areas and maintain a clear audit trail of all transactions would greatly enhance our efficiency and compliance.

Interviewer: Are there specific procurement challenges unique to corrections that the system should be able to support?

AHDC: Yes. First, we often procure security-sensitive or restricted equipment, such as surveillance equipment, riot control supplies, or tools used in facility maintenance that could be dangerous in the wrong hands. The system should allow us to flag these items and apply stricter approval protocols or routing based on product type, location, or intended use.

Second, emergency procurement is a major concern. For example, if there's a facility lockdown or infrastructure failure – like a plumbing, food supply, or HVAC issue – we need the ability to expedite purchases outside of standard timelines. A system that supports emergency procurement workflows, predefined vendor lists, and conditional overrides would help us respond quickly while still maintaining auditability. We also work with an incredibly limited supplier pool due to the strict regulations surrounding corrections institutions, so our system should be able to quickly vet suppliers that are in compliance with our unique regulations.

Third, many of our facilities are in rural or remote areas, and we operate under strict regulations, which limit our vendor pool. This means we

sometimes have to work with smaller, local suppliers who may not be registered or familiar with government procurement systems. The platform should make vendor onboarding simple and allow for flexible vendor management while still ensuring compliance with state requirements.

Additionally, we operate a number of inmate work programs and internal production units that manufacture goods – such as furniture or uniforms– which are then transferred internally or to other state agencies. This requires tracking internal transfers or interdepartmental billing, so ideally, the system would allow us to manage and report on both traditional procurements and internal supply movements.

Lastly, compliance and auditability are key. Because of the nature of our work, we're often subject to internal audits, legislative inquiries, and public scrutiny. We need robust tracking and reporting tools that let us clearly demonstrate who approved what, when, and why – especially for high-risk or unusual purchases.

So, in summary, a flexible, secure, and responsive system that supports emergency purchasing, restricted item workflows, rural vendor engagement, internal transfers, and compliance tracking would go a long way in meeting our unique operational needs.

Interviewer: It sounds like having a robust, secure system that is easy to operate is paramount to your department's operations. How important is mobile access to the system for your staff?

AHDC: Very important. Given the nature of our work, not all staff are always at their desks. Having mobile access would allow our field officers and other mobile staff to manage and approve procurements on the go.

Interviewer: Lastly, can you tell me about the scale of the procurement operations within your department? How many users do you anticipate will need access to this system?

AHDC: We have a fairly large team, so we would anticipate around 300 users. This includes procurement staff, financial officers, and key administrative personnel across various facilities.

Interviewer: With your team being so large, what type of training or support would help your team most during implementation?

AHDC: While it is difficult to beat the advantage of on-site sessions, due to the security constraints of our department, we prefer train-the-trainer models and on-demand materials. Since our department is so large, we are capable of sending multiple personnel on a training trip to learn the program in its entirety. We would like these personnel to be trained as close to expertise as possible so that they may return and train our staff. On-demand materials would be used to supplement any gaps in the training that our personnel provide. It would also be very helpful to have access to a dedicated support professional provided by the vendor who can handle questions and complications that may arise throughout the implementation process.

Interviewer: Thank you for sharing these insights. They will be very helpful as we move forward with procuring an eProcurement system that meets the needs of the Department of Corrections. We'll ensure the system addresses security, integration, ease of use, and mobility, as these are clearly critical components for your operations.

AHDC: Thank you for considering our specific needs. I look forward to seeing how the new system can improve our operations and help us serve better.

Appendix I:
Glossary Terms

PHRASE	DEFINITION
AI MLM	*Artificial Intelligence Masked Language Model —* AI MLM is an artificial intelligence model that learns to produce text without explicit labels or annotations. This model does exceptionally well at learning from user prompts and context given by users to answer questions. A real-world example would be ChatGPT and how it learns from users to refine its answer generation.
API	*Application Programming Interface —* A software interface that enables applications within an eProcurement system to communicate with one another and other existing/legacy systems in use. It involves integrating a supplier's systems with a buyer's procurement platform, enabling real-time data exchange and streamlined workflows.
eProcurement	The use of digital tools and online systems to manage the purchasing of goods and services. eProcurement systems help government agencies issue bids, evaluate suppliers, manage contracts, and track spending—all in one centralized platform. These systems increase transparency, reduce paperwork, improve efficiency, and help ensure compliance with regulations.
ERP	*Enterprise Resource Planning —* Software and systems used by organizations to manage, integrate, and streamline their core business processes. It contains various functions such as finance, HR, SCM, and CRM, all within a single platform.
e-Tendering	The electronic process of managing the end-to-end tendering procedure, including submission, evaluation, and awarding of bids, through a secure digital platform.
HIPAA	*Health Insurance Portability and Accountability Act (HIPAA) —* A U.S. law that sets standards for protecting sensitive health information, known as protected health information (PHI). HIPAA requires organizations—such as hospitals, insurance providers, and any suppliers handling health data—to implement safeguards like encryption, access controls, and audit logs to prevent unauthorized access or data breaches. For public procurement and supply chain systems that handle or connect with health-related services or contracts, HIPAA compliance ensures that personal medical data is handled securely and in line with federal privacy regulations.
NIST	*National Institute of Standards and Technology (NIST) —* A U.S.-based professional organization that provides cybersecurity guidelines that help organizations protect sensitive systems and data from cyber threats. One of its most widely used tools is the Cybersecurity Framework (CSF), which includes five key functions: identify, protect, detect, respond, and recover. In public procurement–where secure handling of bids, contracts, and financial data is critical–NIST standards help ensure that digital procurement systems are resilient, trustworthy, and compliant with federal security expectations.

PHRASE	DEFINITION
PO	*Purchase Order* — A formal, legally binding document issued by an agency to a supplier authorizing the purchase of goods or services at agreed-upon prices and terms.
P2P Systems	*Procure-to-Pay System* — An end-to-end solution that integrates procurement and accounts payable processes to automate purchasing and payment workflows. P2P systems streamline the procurement lifecycle, improve visibility, and control overspending.
QA	*Quality Assurance* — A systematic process within software development that ensures the reliability, functionality, and performance of a system by proactively identifying and addressing defects or inconsistencies.
RFI	*Request for Information* — Preliminary, exploratory document used by a public agency to gather information from suppliers about their capabilities, products, services, or solutions. RFIs are typically utilized as a way to understand the market, identify potential suppliers, and refine the agency's requirements.
RFQ	*Request for Quotation* — A document issued to vendors to request price quotes for specific goods or services where the specifications, quantities, and terms are clearly defined. RFQs are focused on price competition for a known need and are mostly evaluated on the lowest cost.
RFP	*Request for Proposal* — A formal solicitation asking suppliers to submit detailed proposals for providing complex goods, services, or solutions. RFPs are typically utilized when the agency's needs are known but not well-defined, as multiple approaches for fulfillment may exist.
Reverse Auctions	An online, real-time, competitive bidding process where suppliers submit successively lower bids for supplying goods/services and win the contract. These are only conducted if state legislation allows and the agency needs standardized goods/services with clear specifications.
SDK	*Software Development Kit* — A set of tools, libraries, and documentation that enables developers to build applications for a specific platform or operating system.
UI	*User Interface* — The visual and interactive elements of a software application that enable users to engage with the system.
UNSPSC	*United Nations Standard Products and Services Code* — A globally recognized classification system for categorizing products and services, enabling organizations to track spending, identify potential suppliers, and streamline procurement processes.
UX	*User Experience* — The overall perception, satisfaction, and effectiveness a user derives from interacting with a software system.