Government 2.0: Government Trends - IT procurement transformation (Part 2)

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Continuing from my **previous blog** on Government 2.0's effect on the traditional IT procurement process, I wanted to take a look at trends in government's approach to acquiring Gov 2.0 technology. Part 1 of this blog series highlighted how small Gov 2.0 IT firms have begun to use non-traditional purchasing options to circumvent the traditional procurement process. Gov 2.0 firms are trying to avoid the procurement process because it has historically been more difficult for small IT firms to compete in the government IT market. However, today's trends in IT procurement hint that times are changing. Since governments continue to face shrinking IT budgets against expanding IT costs and needs, they are now looking for alternative ways to do business as well. For many IT bureaucrats and contracting officers interested in Gov 2.0 technology, that means looking outside of the conventional procurement process, and toward smaller IT firms.

Code for America (CFA), an example of Gov 2.0 realized, is an organization that describes itself as "Peace Corps for geeks." Established in 2009, CFA assigns programmers on year-long fellowships to work with local governments on in-house IT projects, to provide faster and more affordable alternatives to procuring vendor services and solutions. CFA noticed that new IT products, which it calls "civic startups," were often created once the fellows had completed their assignments – essentially spawning new businesses. However, these civic startups that had created products for governments were having trouble selling their products. Finding the government procurement process difficult to navigate, many fizzled.

In response to this issue, CFA is setting up its first civic incubator, where a handful of IT entrepreneurs will participate in a five to six-month-long program that will provide funding and mentoring, while bringing their applications and solutions directly to local governments and school districts. This incubator is something CFA's leadership hopes will turn the traditional procurement process on its head.

Another noticeable trend on the rise is localities across the country sponsoring crowdsourcing events and hackathon competitions as an alternative approach to the traditional solicitation processes for Web development solutions and services. In 2010, after working with CFA, the city of Boston took a one-day hackathon event to the next level by creating a permanent office within local government. The **New Urban Mechanics Office** was created to hire full-time programmers for in-house IT development projects as well as to conduct outreach to encourage, field, and partner with small IT entrepreneurs.

In another CFA spinoff, White House Chief Technology Officer Todd Park created the **Presidential Innovation Fellows** (PIF) program to pair "top innovators from the private sector, non-profits, and academia with top innovators in government to collaborate on solutions" using technology. On August 23, 18 innovators from outside of government were selected to work on one of five projects over the course of six months. The PIF program's goal is to synthesize open data, expand e-government services, and simplify the RFP process by "building a platform that makes it easier for small high-growth businesses to navigate the federal government, and enable agencies to quickly source low-cost, high-impact information technology solutions."

One of the five projects, RFP-EZ, was born after Sean Green, head of the Small Business Administration's Investment and Innovation Program, remembered an instance with the Department of Health and Human Services (HHS). The department had a need for an IT project, but the project's estimated cost was $5 million to implement by a traditional IT vendor. After some research and outreach, HHS partnered with smaller IT companies that were able to complete the project for just more than $400,000.

During the PIF announcement, Green gave an open call to developers, contracting officers, and small Web development firms to join the effort and participate through **Github.com**, which is an open platform where RFP-EZ will be demoed. If successful, many state and local level governments will likely partner with or imitate the RFP-EZ project. Park took to Twitter after the announcement to confirm that the PIF will also be working with both state and local governments, in addition to the federal government, to create these IT solutions.

Analyst's Take

At all levels of government, innovation and affordability have been contradictory terms. The Code for America debunked the idea that quality Gov 2.0 solutions and services had to come at a premium. CFA seems to have been the catalyst for the future direction of Gov 2.0. Governments willing to take the early leap by circumventing their IT procurement process and engaging with innovators directly can expect some growing pains, but they will likely be dulled by ultimate cost savings.

The traditional format of government procurement has been grounded in the 1950's-style door-to-door salesman. Governments release a solicitation and wait for the salesman to ring their door bell to peddle goods. Now, government agencies with strict budgets have the option to shop around without going through a lengthy and expensive procurement process. Governments want convenience and efficiency without having to sacrifice quality and they are willing to go outside the traditional procurement process to get it.

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