State of Arizona Adult

Inmate Management System (AIMS) Replacement Project

Project Status Report

June 24, 2014

Version History

Version	Date	Comments
Project Status Report DED	4/18/2014	Draft DED delivered to the ADC Project Manager for review and comment
Project Status Report	5/21/2014	First draft delivered to the ADC Project Manager for review and comment
Project Status Report	5/21/2014	Update with revisions delivered to Division Director, Administrative Services
Project Status Report	6/4/2014	Update with PIJ budget
Project Status Report	6/19/2014	Update as requested
Project Status Report	6/20/2014	Final updates

Table of Contents

1. Executive Summary

The operation and maintenance of the Adult Inmate Management System (AIMS) currently presents a business risk to the State of Arizona, in the form of operational inefficiencies, critical data errors, an inability to adapt to changing laws and reporting requirements, and a risk to public safety. The objective of the AIMS Replacement Project is to reduce its business risk through the acquisition and implementation of a commercial-off-the-shelf (COTS) solution to replace AIMS and its related systems.

The primary consideration for the Arizona Department of Corrections (ADC) is to decrease any risk to the safety of ADC's officers and the residents of Arizona while ensuring the security of the data in the care of the Department. This document assesses the status of the AIMS Replacement Project to date.

1.1. Background

The AIMS Replacement Project was initiated by the Department in October 2011. In December 2011 ADC released a Request for Information on the approach and price for implementing an Offender Management System (OMS). The responses formed the basis for the Department's Request for Proposals for Consultant Services for AIMS Replacement released in February 2012.

The RFP sought consulting services to assist the Department in analysis and review of the Department's current AIMS system, to define technical requirements for the new Solution, to develop a statement of work for inclusion in an RFP for implementation of an OMS, and to provide procurement assistance. In July 2012, ADC engaged Public Consulting Group (PCG) to provide technical assistance in the AIMS Replacement Project.

ADC defined the following steps to procuring a replacement OMS:

1. Define the functional and technical requirements for a system to replace AIMS.
2. Confirm funding availability.
3. Develop and publish a Request for Proposal for an Offender Management System.

Page 3

4. Develop a proposal evaluation plan and process.

5. Evaluate proposals and select a preferred Solution.

6. Complete contract negotiations with the selected vendor, and obtain final funding approval.

7. Begin implementation of the replacement system.

Steps #1 through #5 are complete. The Department is in the process of obtaining final approvals for a contract with the Winning Offeror, and obtaining final funding from the Joint Legislative Budget Committee (JLBC). The Winning Offeror is expected to begin work on July 1, 2014.

1.2.   Procurement Process

ADC has followed a structured procurement process aligned with State procurement rules. The Evaluation Team appropriately involved key subject matter experts who participated consistently throughout the evaluation process. ADC processes were consistent across vendors, allowing equal opportunities and timeframes for procurement activities. The selection was unbiased and made by technical and business staff that was qualified to evaluate the proposals regarding the best approach, product and team to work with ADC to implement the replacement Solution.

1.3.   Recommended Vendor

ADC recommended selection of the Winning Offeror for implementation of the OMS. The Winning Offeror has proposed a hosted OMS Solution, meeting all requirements in the Request for Proposals and clarified during the proposal evaluation process. The Winning Offeror has implemented and maintained other State offender management systems.

1.4.   Project Risks

The AIMS Replacement Project, like any large system implementation, presents potential risks which will require mitigation. These include the following:

- The $24 M budget for design, development and implementation (DDI), while in line with projects in similar states, does not have any excess. Considering the Winning Offeror's price for DDI, there is a reasonable contingency fund. However, the scope and complexity of the AIMS Replacement Project is comparable to projects with budgets equal to or surpassing the approved budget of $24 M.

- Legislative change drives requirement changes and additional costs. Arizona needs to limit legislative or policy changes for the duration of the project to the extent possible.

- It is typical that the selected Solution will require more customization than estimated.

- Legacy systems may be difficult to maintain during the implementation period. The State resources will need to support ongoing maintenance of the legacy AIMS in addition to working with the Winning Offeror to implement the new system and to convert data from the legacy systems.

- The implementation approach, while it is designed to minimize changes to the legacy systems, presents risks in the effort required for a "big-bang" implementation at the male prisons.

- Extensive training is required for staff to transition from a legacy OMS system to a modern integrated OMS.

1.5. Project Strengths

The project shows the strengths in terms of ADC readiness, project scope and budget and vendor willingness to work with ADC to meet all of ADC's requirements within the given budget.

ADC Readiness

- ADC has hired a full-time Project Manager, who is a certified Project Executive, with over 22 years of experience managing some of the largest commercial accounts in the private sector. The Project Manager is in the process of establishing a project management office for the project.

- ADC has designated and obtained commitments from managers for subject matter experts and technical experts, who will participate as needed in project activities.

- ADC has strong executive sponsorship in place, with the Director, Deputy Directors, and all ADC management universally supporting the project.

Project Scope and Budget

The Winning Offeror's proposed price is in line with the approved budget and similar State implementations of OMS.

- The scope of work is well documented in the RFP, clarifications from the Winning Offeror, and the Final Proposal Revision. The Winning Offeror has agreed to meet all RFP requirements within the bid price.

- The Winning Offeror has agreed to all Service Level Agreements required by ADC.

Vendor Qualifications

- It is a large Systems Integrator with other State experience of similar size and scope to Arizona.

- The Solution meets Arizona requirements with a reasonable level of customization and configuration required on top of the base functionality.

- The Winning Offeror is eager to gain additional qualifications and appears willing to work collaboratively with ADC.

1.6. Other Vendor Support

ADC contracted with PCG to support the AIMS Replacement Project through definition of requirements, development of the statement of work, and procurement assistance. As part of its responsibilities, PCG is issuing this report on the status of the project. Ongoing third party assessments will be required by Joint Legislative Budget Committee (JLBC) to support the funding process.

2.   Project Background

This section provides a brief background of the Adult Inmate Information Management System (AIMS) Replacement Project, summarizing the project objective, background and timeline.

2.1. Project Objective

The operation and maintenance of AIMS currently presents a business risk to the State of Arizona, in the form of operational inefficiencies, critical data errors, an inability to adapt to changing laws and reporting requirements, and a risk to public safety. Its aging technology and lack of support resources are increasing the cost and complexity of system maintenance, limiting ADC's ability to achieve efficiencies and adapt to changing laws and policies.

The objective of the AIMS Replacement Project is to reduce its business risk through the acquisition and implementation of a commercial-off-the-shelf (COTS) solution to replace AIMS and its related systems to:

- Reduce duplication of staff effort and risk of error

- Increase operational efficiencies

- Improve data quality and support more accurate, timely reporting

- Enhance information sharing and interoperability with other agencies

The Department defined the following factors as critical to the project's success:

- Effective project governance and expectation management

- Executive support and early stakeholder involvement

- A defined process for change management

- A clear strategic roadmap for enterprise architecture

- A full-time, dedicated implementation team

- A focus on COTS functionality with clear cost definitions for

  enhancements and customization

Throughout the project ADC has maintained two basic tenets: the outcome of the AIMS Replacement Project must not increase risk to the safety of ADC's officers or the residents of Arizona; and the Solution must ensure the security of the data in the care of the Department.

2.2. Project Background

This section summarizes activities to date on the AIMS Replacement Project.

2.2.1. Initial Activities

The AIMS Replacement Project was initiated by the Department in October 2011 with the submittal of the original Project Investment Justification (PIJ) to the Government Information Technology Architecture (GITA). The PIJ, as updated in December 2011, estimated the total development cost at $25 M.

In December 2011 ADC released a Request for Information on the approach and price for implementing an Offender Management System. The RFI outlined 16 functional areas for inclusion in the AIMS Replacement Project:

1. Population Management
2. Property
3. Sentence Calculation
4. Intake Processing
5. Inmate Identification
6. Counseling and Treatment
7. Discipline
8. Programs
9. Appeals and Grievances
10. Holds, Wants, and Detainers
11. Classification / Scheduling
12. Gang Management/Security Threat Groups (STG)

Page 8

13. Visitation

14. Community Corrections

15. Earned Incentive Program

16. Miscellaneous

ADC received 13 responses to the RFI in January 2012. The responses formed the basis for the Department's Request for Proposals for Consultant Services for Adult Inmate Management System (AIMS) Replacement released in February 2012. The RFP sought consulting services to assist the Department in analysis and review of the Department's current AIMS system, to define technical requirements for the new Solution, to develop a statement of work for inclusion in an RFP for implementation of an OMS, and to provide procurement assistance.

The RFP specified the functionality that the consultant would include in the scope of the replacement project, which included the same 16 functions listed in the RFI with clarification of the miscellaneous category.

In July 2012, ADC engaged Public Consulting Group (PCG) to provide technical assistance in the AIMS Replacement Project.

2.3. Project Scope

ADC defined the following steps to procuring a replacement Offender Management System:

1. Define the functional, technical and management requirements for a system to replace AIMS.

2. Confirm funding availability.

3. Develop and publish a Request for Proposal for an Offender Management System.

4. Develop a proposal evaluation plan and process.

5. Evaluate proposals and select a preferred Solution.

6. Complete contract negotiations with the selected vendor, and obtain final funding approval.

7. Begin implementation of the replacement system.

Steps #1 through #5 are complete. The Department is in the process of obtaining final approvals for a contract with the selected vendor and obtaining final funding from JLBC and ITAC. The implementation vendor is expected to begin work on July 1, 2014.

2.3.1. Development of Requirements and the RFP Statement of Work

PCG's initial activities involved definition of requirements for the new Solution and development of the statement of work for inclusion in an RFP for implementation of an OMS.

In the RFI issued in December 2011, ADC defined 16 functional capabilities to be included in the replacement of AIMS with a new Offender Management System. PCG was tasked to develop the Scope of Work covering these functional areas for inclusion in the Request for Proposals for an implementation contractor.

PCG examined the legacy AIMS system as well as ADC business processes through interviews with ADC management and staff. The resulting deliverable was a Business Needs Assessment, which documented the business processes that would be automated as part of the AIMS Replacement Project. PCG held joint requirements sessions to develop RFP business, technical and management requirements with business and technical experts. PCG developed designated sections of the RFP for incorporation into the final solicitation document.

Based on PCG's analysis of business functionality and the OMS marketplace, the RFP re-categorized the scope of work into 20 functional areas. This re-categorization maintained the original scope of work while re-aligning the functions to more closely mirror the products on the marketplace. The 20 areas are:

1. Intake, including Inmate Processing and Inmate Identification
2. Property

3. Sentence Calculation

4. Classification

5. Population Management, including Movement, Count, Transportation, Do Not House With, and Protective Custody

6. Gang Management/Security Threat Groups

7. Holds, Warrants and Detainers

8. Scheduling

9. Discipline

10. Programs, including Inmate Work/Programs, Inmate Education, Counseling and Treatment, and Inmate Trust Accounts

11. Earned Incentive Program

12. Grievances and Appeals

13. Visitation

14. Religious Services

15. Inmate Commissary

16. Arizona Correctional Industries

17. Community Corrections

18. Reporting and Data Analysis

19. Document and Image Attachment

20. Staff Identification

The RFP also included 15 categories of technical requirements. Management requirements were detailed under each of the 10 major tasks in the RFP, from Project Initiation through Maintenance and Operations, and potentially a Turnover activity.

Participants in the RFP development process included subject matter experts from ADC's business areas, technical staff, central office staff, and representatives from

the facilities. The RFP was reviewed by additional entities, including representatives from ITAC and ADC executives.

The project was approved by ITAC in May 2013. The RFP was issued following approval of funding by JLBC and ITAC approval of the RFP in August 2013.

2.3.2. Procurement Support

Following issuance of the RFP, ADC conducted the following procurement activities:

- Pre-Bid Conference held on August 28, 2014

- Responses to Offerors' questions

- Evaluation of proposals

- Requests for written clarifications of vendor proposals and review of revisions

- Vendor demonstrations, which was a four-day agenda including:

  - Day 1 – General Solution and Implementation Overview

  - Day 2 – Demonstration of Functional Capabilities

  - Day 3 – Demonstration of Functional Capabilities (Continued) and Approach to Management, Staffing, Implementation, Maintenance and Operations

  - Day 4 – Hands-On Lab Environment, allowing users hands-on experience with the proposed Solution

- On-site visits to vendor client sites
- Oral Discussions with vendors
- Requests for Final Proposals and review of revisions

PCG provided procurement support at the discretion of the Department and participated in all activities except the onsite visits.

ADC followed a structured procurement process aligned with State procurement rules. The Evaluation Team appropriately involved key subject matter experts who participated consistently throughout the evaluation process. Other subject matter experts and technical staff provided input to the Evaluation Team on selected portions of the proposals and participated in other procurement activities, such as the Pre-Bid Conference, responses to Offerors' questions, vendor demonstrations, and discussions with vendors.

ADC processes were consistent across vendors, allowing equal opportunities and timeframes for procurement activities. The selection was unbiased and made by technical and business staff that was qualified to evaluate the proposals regarding the best approach, product and team to work with ADC to implement the replacement Solution.

2.4. Timeline

The following table summarizes high-level milestones from project inception to date.

Milestone	Date
Original PIJ Submitted	October 2011
RFI Issued	December 2011
RFI Responses	January 2012
RFP for Consultant Services Issued	February 2012
PCG Contract Start	July 2012
Presentation of the RFP to Information Technology Asset Committee (ITAC)	May 2013
Presentation of Request and Approval of the Joint Legislative Budget Committee (JLBC)	August 2013
RFP Issued	August 2013

Milestone	Date
Proposals Received and Start of Evaluation	November 2013
Evaluation Completed	May 2013
Presentation of Selection to ITAC	June 2014
Independent Assessment to JLBC	June 2014
Anticipated Contract Start Date for Implementation Vendor	July 2014

3. Assessment of Proposed Approach

This section reports the status of the project scope of work and the selected technology approach as defined in the Winning Offeror's proposal and finalized in the Final Proposal Revisions and resulting contract.

3.1. Technology Approach and Scope

The Winning Offeror has proposed a hosted OMS Solution, meeting all requirements in the Request for Proposals and clarified during the proposal evaluation process. The Winning Offeror has implemented and maintained other State offender management systems. The Winning Offeror's proposal includes a subcontractor that will provide specific functionality to ADC. Details on the implementation approach will be done in collaboration with ADC during finalization of the work plan and schedule as the first project activity.

3.2. Project Feasibility Status

The AIMS Replacement Project is scheduled to begin design, development and implementation activities on July 1, 2014. This section summarizes the status and health of the AIMS Replacement Project.

3.2.1. ADC Readiness

ADC has demonstrated preparation for readiness to begin implementation by July 1, 2014. These activities include:

- ADC has hired a full-time Project Manager, who is a certified Project Executive, with over 22 years of experience managing some of the largest commercial accounts in the private sector. He has managed $1B to $5B outsourcing projects in over 20 countries. The Project Manager participated on the evaluation team and is familiar with all aspects of the selected vendor's proposal.

- ADC has designated and obtained commitments from managers for subject matter experts and technical experts, who will participate as

needed in key activities, such as requirements sessions, design sessions, conversion, testing, and training.

- ADC has strong executive sponsorship in place, with the Director, Deputy Directors, and all ADC management universally supporting the project.

- ADC has centralized processes and control of statewide operations at its many facilities, which will facilitate universal adoption of the Solution.

3.2.2. Project Scope and Budget

- The Winning Offeror's proposed price is in line with the approved budget and similar State implementations of OMS.

- The scope of work is well documented in the RFP, clarifications from the Winning Offeror, and the Final Proposal Revision. The Winning Offeror has agreed to meet all RFP requirements within the bid price.

- The Winning Offeror has agreed to all Service Level Agreements required by ADC.

3.2.3. Vendor Capabilities

ADC required substantial vendor experience to reduce risk on the AIMS Replacement Project. To submit a bid for this work, vendors were required to meet the following Basic Qualification Criteria:

- The Offeror must have recent (within the last seven (7) years) experience in successful implementation of an offender management system of similar size and scope as required in Arizona, which is defined as a prison correctional institution operated in the United States with a population of at least 10,000.

- A major release of the proposed Solution must have been implemented and operational for at least one year from the RFP release date at a production site in a venue of similar size and scope as defined above. The proposed Solution must have no major changes from this major

release in production.

- The Solution must be Web-based and rules-based, and have multiple interfaces with public, private, or commercial systems.

- The Offeror must have two years' experience in maintaining its application or system for vendor- or owner-based ongoing operations.

The Winning Offeror met and exceeded all the Basic Qualification Criteria.

- It is a large Systems Integrator with other State experience of similar size and scope to Arizona.

- The Solution meets Arizona requirements with a reasonable level of customization on top of base functionality.

- The Winning Offeror is eager to gain additional qualifications and appears willing to work collaboratively with ADC.

3.2.4. Other Vendor Involvement

ADC contracted with PCG to provide experience and direction in defining requirements for the AIMS replacement system. Subsequent approvals from ITAC required continued assistance of PCG in the procurement and evaluation process. Legislation proposed under Senate Bill 1485 requires ongoing annual assessment of large information technology projects. ADC is considering options for additional third-party participation required to meet the provisions of the bill, including independent verification and validation (IV&V).

3.3. Project Expenditures

ADC Costs are provided by ADC as detailed in the PIJ.

4.   Key Findings and Risks

The AIMS Replacement Project, like any large system implementation, presents potential risks which will require mitigation. These include the following:

- The $24 M budget for design, development and implementation (DDI), while in line with projects in similar states, does not have any excess. Considering the Winning Offeror's price for DDI, there is a reasonable contingency fund. However, the scope and complexity of the AIMS Replacement Project is comparable to projects with budgets equal to or surpassing the approved budget of $24 M.

  There are several factors that may impact the total project expenditures. Given the duration of the project, it is possible that additional functionality may be required to accommodate changes in legislation, policy or State information technology standards and practices over the 2.5 year implementation period. The Department may be required to expend additional funds, including the contingency fund, to implement the intended Solution within the project time frame. Additional information on the project funding is included in ADC's PIJ.

  Mitigation: ADC has implemented a Change Control Board and has defined a change control process to consider any changes, whether or not a cost is associated with the proposed change. It will closely examine any change requests for validity, timing and necessity.

- Legislative change drives requirement changes and additional costs. While this risk is present on any large and complex multi-year project, Arizona needs to limit legislative or policy changes for the duration of the project to the extent possible. Changes will require modifications to both the new Solution and the legacy AIMS system, which will challenge the budget.

  Mitigation: Through the Change Control Board, ADC will need to limit changes to only those required legislatively or to ensure public safety and

security. ADC executive sponsors should work with legislative committees to limit changes required during the implementation period.

- It is typical that the selected Solution will require more customization than estimated by the vendor. In this case, there is additional risk because of the complexity of the business rules in Arizona compared to previous implementations by the Winning Offeror. Once requirements are fully understood during the requirements and design sessions, the vendor may find additional resources are needed to complete the project on time. The Winning Offeror may take some time to understand the level of automation required and ramp up resources.

  Mitigation: ADC's procurement process included clarifications, discussions, and a four-day demonstration period. It also provided additional materials in the Bidders' Library for vendors to examine prior to submission of Final Proposal Revisions. ADC will need to work collaboratively with the vendor to determine the best approach to achieving the project scope and schedule objectives without sacrificing the complexity and automation present in the legacy AIMS. ADC and the Winning Offeror need to work to consider feasible alternatives and limit the customization wherever possible, including modification of business processes as long as user satisfaction, public safety and security concerns are addressed.

- Legacy systems may be difficult to maintain during the implementation period. The State resources will need to support ongoing maintenance of the legacy AIMS in addition to working with the Winning Offeror to understand existing business rules, to work on converting data and interfaces and to support testing.

  Mitigation: The State may need to hire contractors if possible with previous AIMS experience to support /backfill existing staff.

- The Implementation approach, while it is designed to minimize changes to the legacy systems, presents risks in the effort required for a "big-bang" implementation at the other prisons.

Mitigation: ADC must require thorough testing and stabilization of the Solution at Perryville before it is rolled out statewide.

- With the proposed deployment approach, the movement of male offenders between institutions that have transitioned and those that have not will need to be addressed.

  Mitigation: ADC will need to work with the Winning Offeror to determine the best workaround should this type of movement need to be supported during the transition period. One approach would be to implement those institutions first where movement from those institutions occurs less frequently; i.e. high security, long-term offenders.

- Extensive training is required for staff to transition from a legacy OMS system to a modern integrated OMS, especially during the implementations following the pilot at Perryville.

  Mitigation: ADC and the Winning Offeror need to take an "all hands on deck" approach to the implementation at Perryville so that ADC's and the Winning Offeror's resources are thoroughly trained on the Solution and able to train staff in the other institutions. They must also be available to support implementation at all sites. ADC will need to consider overtime requirements for ADC trainers and line staff.

- The Winning Offeror proposed pricing shows a substantial amount of the DDI price to be paid in the first two fiscal years. This presents a risk to ADC if the Winning Offeror is paid a substantial amount of the total contract up front before delivery of a substantial part of the tested Solution.

  Mitigation: Given the ADC procurement process is based on acceptance of the Final Proposal Revisions and does not include final contract negotiations, ADC will rely on two measures to assist in mitigation of any budget risk. First, the contract includes a performance bond for 100 percent of the DDI work effort. Second, ADC has mitigated risk of an

incomplete implementation by including a ten percent withhold on all DDI deliverables until final acceptance of the Solution.

- As in all large implementations, the subject matter and technical experts needed to support the implementation effort are also needed to support the ongoing business operations and maintenance of legacy systems at ADC. Although the Department has designated its most experienced staff to participate in DDI activities, they cannot be dedicated full-time for the duration of the project. This competition for valuable resources presents a challenge to the Project Manager in ensuring that the best person is available for all meetings or to conduct deliverable reviews within the accepted project scheduled time frames.

  Mitigation: ADC has designated and obtained commitments from managers for subject matter experts and technical experts, who will participate as needed in key activities, such as requirements sessions, design sessions, conversion, testing, and training. ADC has hired a full-time Project Manager with extensive experience in implementation of large solutions. ADC is considering increased staffing to back-fill subject matter and technical resources that will be needed to participate in the implementation activities.

Although risks to the project are inevitable, the strengths of the Winning Offeror's proposal and the approach that ADC has put in place will help mitigate those risks. These strengths are detailed in Section 3.2 of this report and include ADC Readiness, Project Scope and Budget, and Vendor Capabilities, and Other Vendor Involvement. These factors, along with the processes that ADC has put into place to manage risk, have laid a strong foundation for the success of the AIMS Replacement Project.

5.   Future Activities

Under SB 1485, the Joint Legislative Budget Committee will require annual independent assessments of the status of the project through implementation in January 2017.   The independent third party's responsibilities may include the following activities to help ensure the success of the AIMS Replacement Project:

- Develop the required annual status reports required by JLBC.

- Keep the ITAC and other stakeholders aware of progress, risks and issues expenditures against budget and scope.

- Provide checkpoints on project health and feasibility.

- Provide transparent reporting to ADC executives and other sponsors so that there are no surprises upon implementation.