Chapter 12 - Statements of Work for IT Procurements

Chapter Highlights

Purpose: This chapter covers the preparation of statement of scope and statement of work (SOW) documents used in the acquisition of information technology goods and services.

Key points:

- The importance of complete, clear and well-developed requirements definition, scope statement, and statement of work documents for IT solicitation and contract documents cannot be overstated.
- It is critical to include and state all technical, functional, performance and project management requirements and expectations clearly and without ambiguity in the SOW.
- The SOW content and detail will depend on the nature of the procurement and can range from extremely simple—buying packaged software—to extremely complex—procuring a solution or system design.

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12.0 Introduction

Complete, clear and well-developed requirements definition, scope statements, and statement of work documents for IT solicitation and contract documents are essential. The complexity of the IT acquisition will affect the depth and breadth of these documents. Simpler IT procurements will generally have fewer requirements and more straightforward statements of work than a more complex solution-based acquisition, which may combine requirements for many different IT components or services.

Requirements and statements of work may vary in complexity and size, but the need to carefully develop these documents does not vary. The agency information technology resource (AITR) and project management representative (https://www.vita.virginia.gov/it-governance/contact-it-governance/) for your agency can be contacted for assistance in these activities, whether the project is within your agency's procurement authority or must undergo VITA's delegation and Procurement Governance Review (PGR) and CIO approval process.

12.1 Defining the IT procurement's scope

The procurement's scope will be defined from the results of the needs assessment/requirements definition/specifications development (refer to Chapter 8). A written scope statement is a preliminary step before developing the statement of work. It will be used in the solicitation document to set the boundaries of the procurement and will serve after contract award to restrain the agency and the supplier from allowing contract scope creep. Scope is often used to describe the high-level parameters of the IT acquisition; i.e., "a solution to provide data management and automatic routing for incoming requests over a public website," or "a server to

accommodate 50 locations of XYZ agency, or "100 scanners that will be distributed to multiple locations around the state."

A template for creating an IT project's scope statement for projects under VITA's oversight, delegation authority or those requiring CIO approval, is provided by the VITA PMD and is available at this URL: https://www.vita.virginia.gov/policy--governance/project-management/project-management-templates-tools/. Once this document is finalized, the statement of work is prepared.

12.2 Preparing a quality IT statement of work (SOW)

Once the project scope is completed, the project team will build the SOW, which is the basis for a supplier's proposal response and contract performance. Including a SOW in the solicitation gives each supplier the information from which to prepare its offer. Since the winning supplier will perform the contract following the requirements in the SOW, it is critical to include and state all technical, functional, performance and project management requirements and expectations clearly and without ambiguity in the SOW. VITA SCM provides a SOW template and SOW Change Order template for authorized users to use when ordering from a VITA statewide contract at this location: https://www.vita.virginia.gov/procurement/policies--procedures/procurement-tools/. This template and the guidance in this chapter are best practice recommendations. You may use the template, the following guidance, or any combination—as best suited for the size and complexity of your procurement. IT projects that require CIO approval and/or VITA oversight will require following PMD standards and policies provided at this URL: https://www.vita.virginia.gov/policy--governance/project-management/project-management-division-pmd/.

The SOW must be written as a concise, declarative document as it is a statement of the agency's requirements and the supplier's performance commitment. In non-performance- based SOWs the supplier may be required to perform the work in a specific way, using detailed specifications, specifying key personnel to be provided and methods to be used for service contracts. A well-written SOW should:

- Be a stand-alone document.
- Be crafted in a general-to-specific fashion.
- Be an expansion of detail tailored from the requirements definition results and the approved scope statement and free of inconsistencies and/or conflictingrequirements.
- Be individually tailored to consider the period of performance, deliverable items, if any, and the desired degree of performance flexibility.
- Not repeat material that is already included in other parts of thesolicitation/contract.
- Describe in detail what the supplier is to accomplish through addressing the following four elements:
  - What is to be done and what are the deliverables/milestones?
  - Who is going to do what (agency, supplier, third party CoVA agent, etc.).
  - When is it going to be done by deliverable and/or milestone?
  - Where will it be done?
  - How will it be done and how will the agency know when it is done (i.e., testing and acceptance)?

The SOW content and detail will depend on the nature of the procurement and can range from extremely simple—buying packaged software—to extremely complex—procuring a solution or system design. The needs assessment/requirements definition/specifications development details (refer to Chapter 8) should be duplicated in certain relevant areas of the SOW. All SOWs should minimally include the following components:

- Introduction—a general description of the procurement.
- Background—information that helps suppliers to understand the nature and history of the agency, the project, the audience being served and the purpose of the new requirements. When applicable, include the current and desired technologyenvironment (architecture) and interfaces with graphic and textual descriptions.
- Scope—overview of the SOW that relates the parameters and important aspects of the requirements, taken from the scope statement.
- Applicable directives (if any)—referenced documents, standards, specifications or directives that

are either mandatory or informational for the procurement.

- Performance requirements—what is required to be accomplished, the performance standards and the acceptable quality levels.
- Deliverable requirements—Technology products, services, software, project and other reports, testing and all deliverables and formal requirements that must be submitted by the supplier during the contract.
- Quality assurance and acceptance criteria—Acceptance is the agency's formal, written process to acknowledge that the deliverables conform to applicable contract quality, quantity and other requirements. Acceptance may or may not involve quality assurance processes and typically precedes payment. The procedure for formal acceptance should be provided for any milestone deliveries, as well as final acceptance.

Appendix 12.2 of this manual provides a list of key considerations for SOW content. The project team is encouraged to review the list in drafting its SOW content.

12.3 Unique IT procurements

For a full discussion on solution-based procurements (subsection 12.3.1 below) please go to Chapter 24 of this manual. For a full discussion on performance-based contracting (subsection 12.3.2 below) read Chapter 21 of this manual. Valuable information is also provided in Chapter 8. It is highly recommended that procurement officials refer to these additional chapters to follow specific technical/functional/performance requirements and solicitation guidance that is not duplicated here, but that will greatly impact the approach and time for developing the requirements definition, scope statement and SOW documents.

12.3.1 Solution-based and complex IT procurements

Solution-based RFPs ask suppliers to propose an IT business solution to an agency's identified problems and requirements. Solution-based RFPs briefly state the business need, describe the technology problem to be solved, and/or provide minimal specification requirements. The use of solution-based RFPs allows suppliers who are technology subject matter experts to use their broad-spectrum market knowledge, creativity and resources to propose innovative cost-effective technology solutions. Solution-based RFPs may request suppliers to provide a solution for only part of a business problem or to propose high-level concept-type solutions which are evaluated based on a supplier-provided detailed set of requirements.

By their nature, specifications and requirements set limits and thereby eliminate or restrict the items or solutions available for the supplier to include in its proposal. Technology specifications should be written to encourage, not discourage, competition consistent with seeking overall economy for the purpose and technology solution intended. An agency is then able to identify the technology solution, not a particular product or service, which will best meet its technology or business need.

Appendix 12.3.1 of this manual lists key questions the procurement team should consider when evaluating whether a solution-based procurement is appropriate and also sets forth components that should be included in a solution-based RFP.

12.3.2 Performance-based IT procurements

Performance-based contracting (PBC) is a procurement method that structures all aspects of the procurement around the purposes of the work to be performed instead of describing the manner by which the work is to be performed. PBC allows agencies to acquire products and/or services via contracts that define what is to be achieved, not how it is done. The SOW will provide performance standards, rather than spell out what the supplier is to do. PBCs normally contain a plan for control and a plan for quality assurance surveillance. In addition, the contract typically includes positive and negative performance incentives. This is accomplished through clear, specific, and objective contract requirements and measurable outcomes, instead of dictating the manner by which the work is to be performed or broad and imprecise statements of work. PBC describes the work in terms of the results to be achieved and looks to the supplier to best organize the workforce to achieve those results.

The key attributes of PBC are—outcome oriented; clearly defined objectives; clearly defined timeframes; performance incentives, and performance monitoring. For a more detailed description of PBC, please see Chapter 21, "Performance Based Contracts", of this ITPM below.

12.4 Final quality check of the SOW

The following questions will help in the final quality review of the statement of work:

- Overall: Does the SOW clearly define and support all agency/project requirements? Is it consistent with the requirements definition and statement of scope documents and does it include specific tasks, work breakdown structure requirements, deliverables, and milestone/schedule requirements?

- Technical, functional and performance requirements: Are the technical, functional and performance requirements complete and adequately detailed, described and consistent with all agency/project needs and requirements to motivate supplier understanding and success? Are all necessary agency/VITA/Commonwealth of Virginia/federal security, confidentiality, accessibility, technology and/or best-practice specifications, standards and directives included?

- Deliverables: Do all required deliverable(s) support the project's needs? Are they necessary? Are all deliverables including hardware, software, design/development, testing, services, reports, project reporting, status, metrics, etc. specified, as well as when, where how they should be delivered? Should deliverables be tied to the technical requirements, milestones, and/or supplier payments? Should any payment retentions be included to incentivize supplier to meet the deliverables or milestones' schedule, and/or as a mitigation for overall project non-performance or non-acceptance?

- **Key personnel:** Does the project require and does the SOW identify key personnel or are other supplier staff qualifications and levels needed? Have project points ofcontact and information for both agency and supplier been clearly identified?

- Processes and resources: Have the business and technical processes, resources and/or facilities to ensure satisfactory performance been properly identified and addressed? Are supplier process plans for evaluating or measuring supplier performance and status necessary?

- Inspection and testing: Does the project warrant inspection and/or testing? Have we addressed the need for this based on the effort's technical requirements, performance specifications, level of compliance, and the need for mitigating performance risks?

- **Supplier Audits:** Will supplier-required licensing or other customer compliance audits be allowed; and are all your agency-specific, Commonwealth or VITA access requirements or restrictions for such audits included?

- Acceptance and testing: Are sufficient testing and/or acceptance criteria, including acceptance of deliverables, testing and final acceptance included? Are performance- based requirements, metrics and measurements being used for this procurement and are they adequately described? Is it necessary to define if testing or acceptance must occur at varying phases or subsystem completions, prior to implementation/cutover or at the end of performance or on a per deliverable basis? Do these support the technical requirements and performance specifications? Who should develop the test plans, conduct the tests, and verify test results? How long will the agency have to test or approve the deliverable(s), services or solution prior to final written acceptance and has the length of time supplier will have to remedy been included?

- **Project schedule:** Does the project's overall schedule and/or milestone schedule support the project's requirements? Are the requirements reasonable for the work being accomplished? Does the schedule include downtime for changes, unforeseen problems or other schedule slips? What is the likelihood of schedule slippage due to interdependency, interface, or conversion issues? Does the SOW consider increased labor or production (and related costs) to meet a non-flexible schedule? Does the agency need to address any urgency or contingency information relating to schedule?

- Reliability and maintainability (RAM): Are there requirements for RAM or integrated logistics support or upgrades and enhancements? Have these requirements been adequately defined, and do they need to include performance specifications?

- Maintenance/service/training: Are there requirements for training, ongoing technical support, extended or special warranties, maintenance and/or service? Have all of these and their respective duration and location needs been clearly addressed? Are there any potential conflicts between these requirements and the standard business offerings within the market area of this project?

- Project reviews and supplier performance management: Are program reviews or supplier surveillance necessary for monitoring performance? Does the SOW include sufficient requirements for periodic project status reviews, design reviews, or access to supplier's facilities for surveillance visits? Are there clear performance objectives and service levels, if required? Does the SOW establish clear and attainable positive and negative incentives to those performance objectives and service levels? Does the SOW include a requirement for a quality control plan from the supplier and/or quality assurance surveillance plan for agency monitoring? Does the solicitation address the need for an independent IV&V resource if one is intended?