

## **Task force to consider commodity node procurement process**

**Vicky White, June 2, 2005**

I have asked Steve Wolbers to convene a task force to consider how our quantity commodity node procurement process in Computing Division might be evolved.

The current procurement process has been in place for the past few years now and fundamentally is based on three premises.

- a) A restricted set of suitable and reliable vendors can be selected by a vendor evaluation process.
- b) We go out for bid for integrated systems in which the winning vendor provides systems in racks, with power, etc., installed at our site.
- c) We often procure systems based exclusively on the lowest cost of the integrated hardware, without regard to risk, power, actual performance or other factors.

The acceptance process for systems once delivered currently consists of a fixed test suite that is run for 30 days on the entire set of systems with a specified maximum allowable failure rate.

Some minor changes were made to the process in the most recent CMS node procurement. These should be looked at.

### **Charge to the task force**

The task force is asked to

- 1) Consider the existing procurement strategy and its pros and cons.
- 2) Hear stakeholder and provider ideas about possible modifications to the procurement process, including input from procurement and facilities providers.
- 3) Consider the economic model of what it actually costs us to procure, install and run systems over their lifetime. Here factors such as space, power, repairs, vendor liaison and visits, time spent on installs or vendor education, risk, integration costs, and more might be taken into account in a full economic model
- 4) Consider which aspects of the economic model might in some way be considered in evaluating the value of a vendor's response to a bid.
- 5) Consider whether the acceptance process is optimal for rejecting systems. Since it is actually hard to send systems back in reality the acceptance process has turned out to be merely the first step in the long process of owning systems and making them run reliably enough, including working with the vendor to address deficiencies.
- 6) Recommend a procurement and acceptance strategy for the future. The goal is to maximize the utility of the computers while minimizing the total cost, including costs associated with the procurement and operation of the systems.

### **Membership of the task force**

Steve Wolbers will chair the task force.

I am asking each department to nominate suitable people to join this task force who can bring experience, interest and some stakeholder point of view to the process. Please let Steve know who you think should be on the task force.

I would also like to see if we can formulate a proper economic model as the basis for cost as well as understand the statistical basis for our acceptance parameters. So I have asked Mark Fischler to assist in this regard and to bring an unbiased and rigorous scientific mind to the process. (Not that I mean to imply that all the other minds will be either biased or unscientific)

### **Deliverables and Timescales**

We will need to procure nodes fairly soon. I am therefore suggesting that the deliverables of the task force might be in two stages

- a) Recommendation for either maintaining the current process or making some short term do-able modifications to it. We will need these before the end of June.
- b) Recommendation for procurement and acceptance processes for future procurements. We will need this before October 1.

Of course if the task force could finish its work in the June timeframe and arrive at a final recommendation for the process that would be splendid.