

Agile Procurement: Examining Trends in IT Procurement

Lise Patry, LXM LAW LLP
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Topics

1. Introduction
2. Agile Procurement
3. Examples – Ontario, Federal, MASH
4. Lessons Learned
5. Best Practices



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Procurement of IT/Complex Solutions

May include:

- Software
- Hardware
- Interoperability (API)
- Market: Multiple and different solutions

Examples:

- ERP: payroll, financial systems
- Regulatory management solution
- Security access systems
- Student information systems
- Smart H2O Meters





Introduction

Scope of Work - Core Components

- **Product Requirements**
 - Functional/Technical
 - SaaS vs. On-Premise
- **Implementation project**
 - Discovery
 - Installation/environment setup
 - S/W Configuration
 - Integration with other systems
 - Data Migration
 - Change management/training
 - Stabilization Period/Hypercare
- **Post-Go Live M&S**
 - SLAs
 - Spare parts, etc..



Contracting Complexities

- **Contracting Parties**
 - One vs. several parties
 - SI, SaaS/Licensors, other
 - Not subcontractors
- **Contracts**
 - Implementation agreement
 - License(s)/Subscription(s)
 - Managed Support Services
- **Contract Structure?**
 - “One bellybutton”
 - Independent contracts
 - Hybrid model



High Stakes

- Multi-year investment
- Multimillion dollars
- Multi-stakeholder impact
- Procurement process investment
 - Yours and bidders

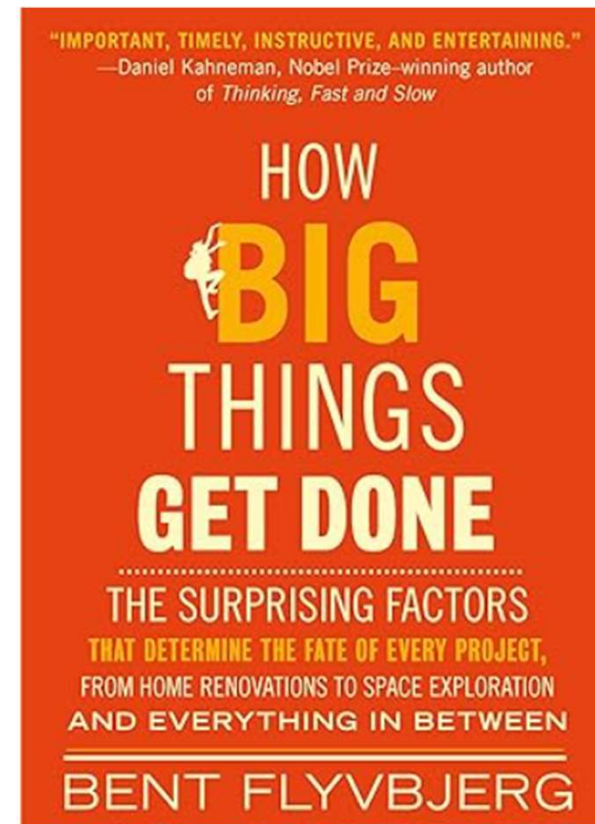


High Cost of Failure - at any stage



Risk of Failure is Real

- 2023 Publication
- Empirical look at how big projects are done
- **91.5% failure** across all projects - on time, on budget
- **18% of IT projects have cost overruns greater than 50%**





AGILE Procurement

RFP Complex Solutions

- You “sort of” know what you need
- Don’t want to over-specify
- But don’t want to make a mistake



Traditional vs. Agile Procurement

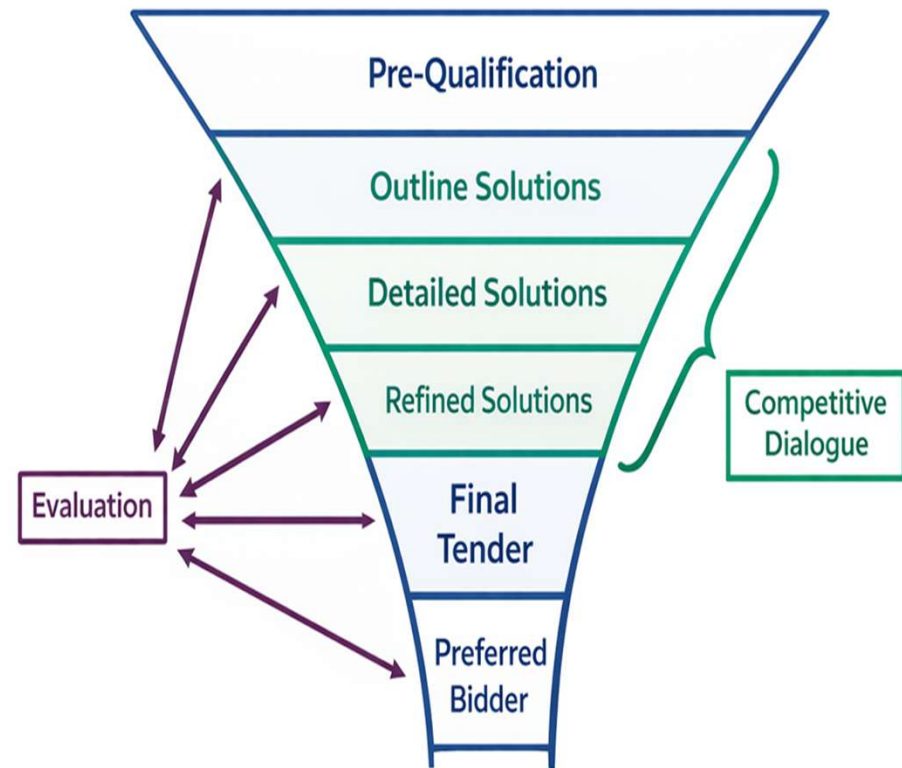
Traditional	Agile
<ol style="list-style-type: none">1. RFP – technical and financial2. Paper based3. Selection4. Contract Negotiation	<ol style="list-style-type: none">1. Intelligence gathering (RFI, SME)2. Multi-phased non-binding RFP process3. <i>Iterative submissions</i>4. Down-selection5. Final selection / award6. Contract Negotiation

Let's Look at Some Examples



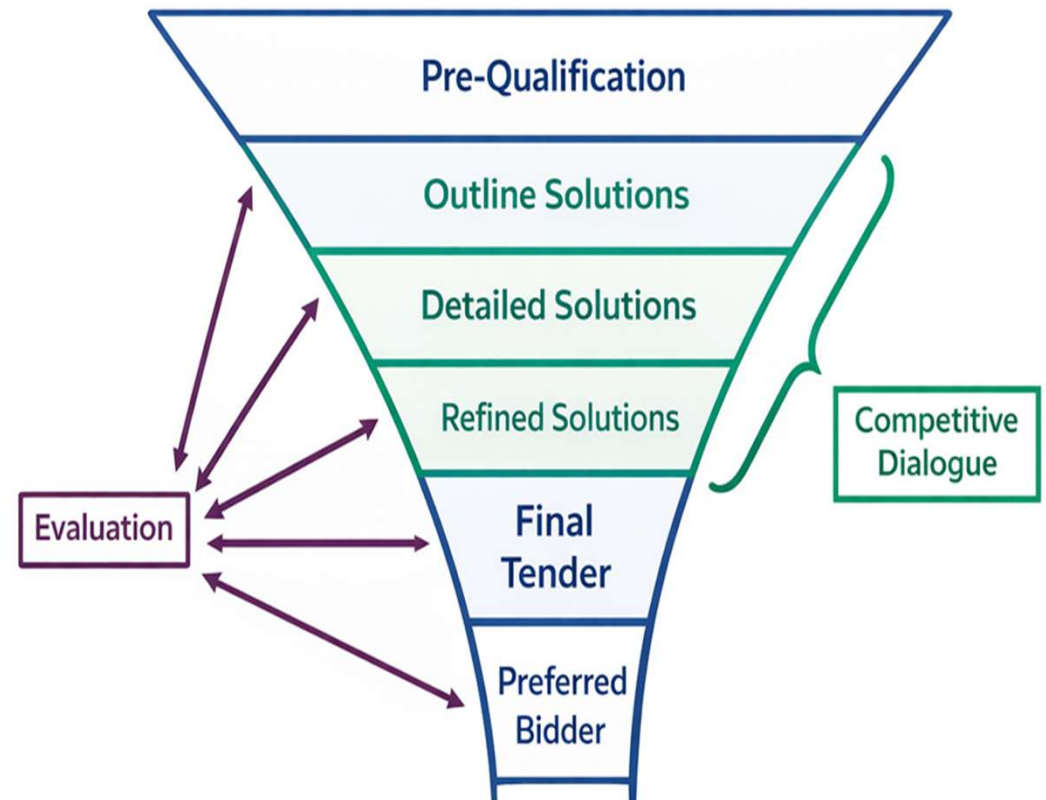
Ontario - Competitive Dialogue

- RFPQ (strategic)
 - Problem statement
 - Desired outcomes
 - Expectations of Provider
- Bid Submission #1
 - Bid outlines who
 - Describes solution
- Down-selection/ Invitation to Dialogue
- Dialogue with small number of bidders
- Update Statement of Requirements
- Bid Submission #2
- Dialogue with bidders
- Updated Statement of Requirements
- Bid Submission #3
- Dialogue



Competitive Dialogue

- Close Competitive Dialogue
- Finalize the Requirements
- Issue RFx
- **Final Bid Submission**
- Selection



Federal Government: Agile Procurement

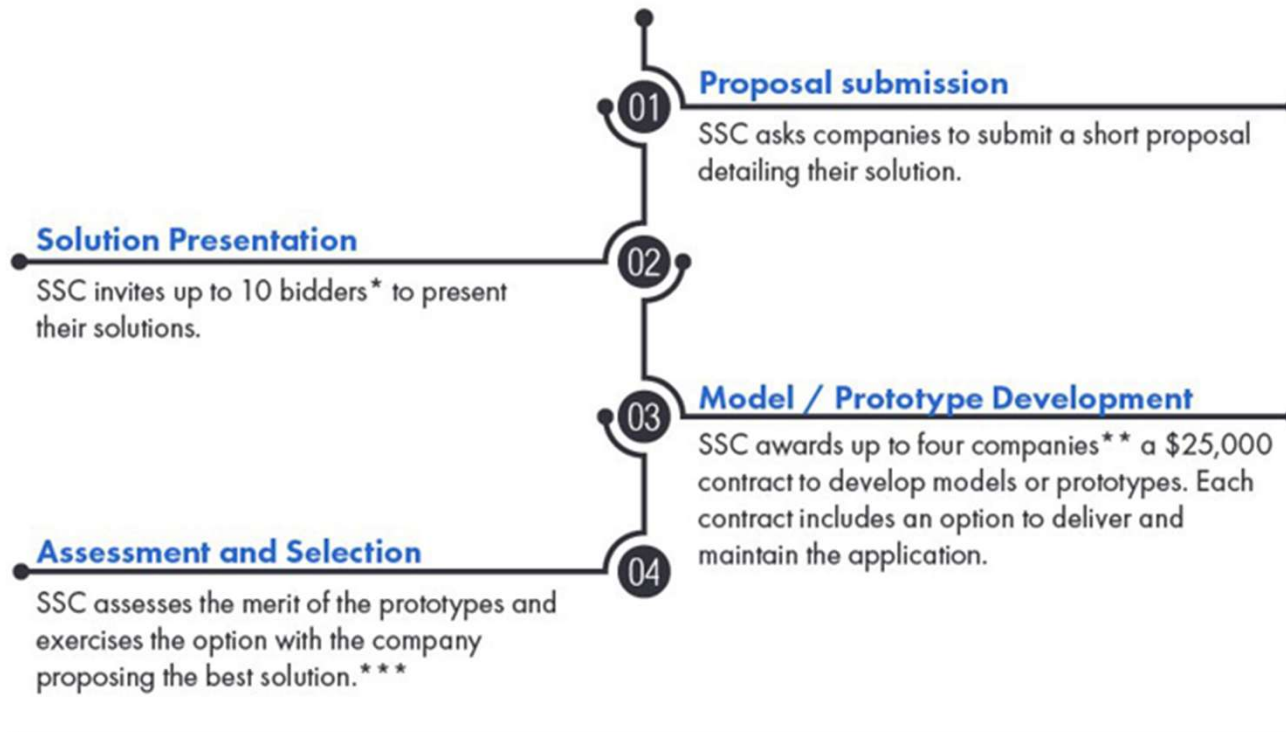
- Federal government - long history of relying on binding RFX
- Recognized IT procurement is in a different category
- Phoenix = political hot button!

Goal:

Simplify and modernize procurement processes while obtaining the best information technology solutions for the government.



Federal Government - Sample Model (PSPC)



Federal Observations

- RFx binding format
- No pre-K dialogue
- Not iterative
- Includes contract award and **payment** for prototype
- Engages many users
- Pros / Cons



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Agile procurement

Goal

Simplify and modernize procurement pr
government.

MASH Example - RFP with mid-process BAFO

- Major ERP system
- Experienced lead
- Hired SME support
 - IT experts (Gartner) for SOW
 - Fairness advisor
 - Legal
 - Project managers
- RFP
 - Detailed schedules
 - Clear allocation of responsibilities



MASH Example - mid-process BAFO

- Traditional RFP document
- Demo / interviews
- Down-selection to 2 vendors
- CCM/BAFO process
 - confidential discussions
 - no legal present
 - vendor's sales/project team
 - BAFO pricing can only decrease



MASH Example - mid-process BAFO

- Contract Negotiations
 - Complex / lengthy
 - No off-ramps
 - No right to terminate for convenience
 - SaaS Locked in for min 5 years
- Implementation Project
 - Owner had hired independent contractors
- 8-months into a 2-year implementation...



MASH Example - mid-process BAFO

Supplier:

“Configuration is the Client’s responsibility. We don’t do configuration.”

Impact:

- Legal involvement
- Senior management/Board
- Project delays
- Significant additional costs



Lessons Learned

- ✓ Involve project management expertise, finance and legal early.
- ✓ Take the time to **risk assess your process and approach** before finalizing strategy and the RFx
- ✓ Integrate SMEs in supplier discussions as appropriate.



Lessons Learned

- ✓ In RFX specify max resources you are committing to support the project - be specific.
- ✓ Consider reserving right to factor Owner's costs if necessary to even out playing field.
- ✓ Finalize scope and bid pricing after the confidential discussion / BAFO and let bidders increase price.

LESSONS
LEARNED



Lessons Learned

- ✓ Have a **robust project governance framework** that includes ALL involved vendors
- ✓ Have a **robust issue management process** with shared commitment to promptly address / resolve issues.

LESSONS
LEARNED





Trends

IT Procurement - 2026 Trends

- RFP
 - non-binding
 - bidder workbooks
 - Outcome based
- *Funneled* evaluation process
 - Multi-phased
 - Demo/interviews
 - CCM discussion with vendors
 - RFP (SOW) updated
 - BAFO Bid
- Contract negotiations
 - Implementation
 - Subscription/licenses
 - Project governance overlay with all parties involved



2026 Observations

- Lengthy - 12-18 months
- Contracting
 - Complex negotiation
 - Multi-party/streams
 - **Lock-in risk is real**
- Post-Contracting
 - Disputes common in implementation
 - Scope Inclusions/Exclusions
 - Allocation of responsibilities
 - Vendor vacancies, staff / delays



Best Practices for IT Solutions Procurement

- ✓ Pre-RFx market research/market intelligence
- ✓ RFx w vendor engagement
- ✓ Iterative tendering (BAFO)
- ✓ Impact of failure is high:
 - Invest time/resources
 - Integrate SMEs
 - K Use off-ramps / try hard to minimize lock-in risk





THANK YOU!

Lise Patry, LXM LAW LLP
lise.patry@lxmlaw.ca