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PURPOSE OF HEARING:
Highlight emerging best practices in IT procurement

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EXPECTED OUTCOME:
Informational

Information Technology Procurement, Implementation, and Oversight Best Practices, New Mexico Practices, and Bridging the Gap

Research and other states' experience have established best practices for Information Technology (IT) procurement. This brief summarizes the best practices that have emerged, reviews recent IT procurements in New Mexico, notes the recent proposed changes to the Project Certification Committee, and suggests ways to improve the state's processes.

New Mexico's top four largest, active IT projects have exceeded their initial estimates by a total of \$456 million. In addition, these massive projects have been behind schedule, about seven years behind in the case of the Medicaid Management Information System Replacement (MMISR), and have not consistently delivered functionality the state required. From FY22 to FY26, the state appropriated \$223 million in general fund revenue to IT projects. Looking back at the full history of open IT projects, as of the fourth quarter of FY25, New Mexico has spent a cumulative \$560 million on nine current IT projects. These efforts strongly suggest there is room for improvement. New Mexico may benefit

greatly from organizing future IT procurements and implementation around the best practices that have enabled states like Colorado and Idaho to procure IT more efficiently and provide more cost-effective services to their constituents.

Key Points

- The four largest ongoing IT projects in the state are now estimated to collectively cost the state \$456 million more than original estimates. Page 1.
- IT procurement best practices emphasize the purchase of ongoing services with associated vendor relationships. Page 3.
- The P25, MMISR, and CCWIS projects directly contradict the best practice of small modular contracting in IT procurement. Page 9.
- Adopting best practices will require concerted changes in organizational culture and law in New Mexico. Pages 14-15.

Table 1. New Mexico's Largest Ongoing IT Projects

Project	Spent to Date (in millions)
	Percent Increase Over Original Budget
Medicaid Management Information System Replacement (MMISR) Project	\$ 379.1
	180.4%
P25 Digital Statewide Public Safety Radio System	\$ 116.0
	26.7%
Child Support Enforcement Project	\$ 18.4
	67.9%
Comprehensive Child Welfare Information System (CCWIS) NM Impact Project	\$ 64.9
	151.1%

Source: DoIT, SHARE

Background

IT procurement differs from traditional procurement because governments are not just buying a physical product or contracting for a service; they are building long-term organizational capacity. This distinction requires considering total life-cycle cost of ownership, user needs, technical expertise, vendor relationships, and impacts on stakeholders beyond the procuring agency. These differences require more comprehensive and sustained oversight than traditional procurement.

Table 2. Additional Implications of IT Procurements

Issue	How it differs from Traditional Procurement
Lifecycle management	IT procurements involve "capabilities" which must be managed as long as they are used.
Requirements difficult to define a priori	New capabilities may be unclear or unfamiliar to users; technology changes rapidly.
Specialized knowledge needed to evaluate	Procurement officials can usually evaluate traditional procurements; IT procurements typically require IT professionals to assess the technical issues associated with these purchases.
Long-term relationships with vendors	IT procurements benefit from a closer strategic relationship with the vendors who can provide ongoing support for the dynamic capabilities provided.
Privacy and cybersecurity	Government organizations are especially likely to have strict and important requirements around privacy (of constituent data), cybersecurity, and compliance.
Broad impacts	Large IT procurements may affect a broad set of stakeholders both inside and outside of the organization.

Source: GAO

While IT procurement shares many principles with traditional procurement, several important distinctions pose unique challenges that often lead to cost overruns, schedule delays, and performance issues. At the very core, agencies use procurement to obtain products or services. The organization can specify the details of the products and services needed beforehand and measure success by price and initial quality. By contrast, IT procurement is used when an organization needs to develop a capability. Performance measures not only whether the vendor delivered the product or service at a certain price, but whether the organization achieved a business objective or actually developed the capability it paid for.

The long-term challenge of developing a capability has several implications. First, IT procurements require "lifecycle management." That is, once a contract is awarded, complex processes remain for implementation, configuration, integration, maintenance, upgrades, licensing, cybersecurity, and more. This shifts the relevant question from the cost of a discrete product or service to the "total cost of ownership," encompassing both acquisition costs and long-term operational costs (which may exceed the initial acquisition cost). Second, requirements are more difficult to define before IT procurement than before traditional procurement. This is because IT projects tend to be more complex and dynamic: users may not fully understand their needs before implementation; the technology may change or evolve during implementation; and integration issues may emerge as users learn the new capabilities. Third, and related, procurement officials can typically evaluate traditional purchases, but IT procurements often require specialists to assess system architecture, interoperability, scalability, cybersecurity, and other complex technical issues. This leads to a fourth implication: because the evaluation period is longer and more complex, vendor relationships are more important and longer-term. These relationships are necessary to mitigate the challenges of software platforms that last for years, as well as the ongoing need for support and updates. The fifth implication comes from the nature of the things obtained through IT procurements: privacy and cybersecurity must be considered as part of the procurement process. Government organizations must consider compliance, security, and data protection requirements throughout the procurement process. Finally, IT purchases may impact a broader set of users than traditional procurements. IT technologies may affect cybersecurity practices, data sharing, interoperability, and state licensing costs. These issues may cascade to other agencies and users inside and outside of the organization making the purchase. These implications set IT procurement apart from other types of procurement, and generally require greater scrutiny in order to ensure value, fairness, transparency, vendor accountability, and other bedrock procurement principles.

General Services Department took over the contracting role in IT procurement in 2025.

SB 217 from 2025 moved responsibility for contracting and procurement of IT projects from DoIT to the General Services Department (GSD). Since then, DoIT's EP MO works with agencies to develop SOWs before the agency submits the procurement to GSD's State Purchasing Division. The move allows EP MO to focus more resources on project planning and project management, and allows GSD to focus on the procurement and contracting.

Source: LFC Files

New Mexico's current IT procurement process starts with the agency in need and includes roles for the Department of Information Technology, the Project Certification Committee, the General Services Department, and the LFC. At the outset of an IT procurement project, the agency identifies an IT need and begins to develop the proposed project, including business requirements, cost estimates, and a statement of work (SOW). During this stage, the agency can work with the Department of Information Technology's (DoIT) Enterprise Project Management Office (EP MO), which will review the project and SOW for alignment with statewide standards and technical considerations. The Project Certification Committee (PCC) provides project approval and governance and, once the agency submits the business case, reviews costs, risks, schedules, and overall readiness. PCC

certification is required to release project funds. As such, the PCC may release funds with additional tasks to complete, or may withhold certification and funding until particular contingencies are met. Once PCC and DoIT approve the work as appropriate and sufficiently defined, the General Services Department's (GSD) State Purchasing Division (SPD) initiates procurement. GSD manages solicitation of proposals, evaluation of those proposals, and the eventual award, while the agency retains responsibility for its business requirements and works with GSD in vendor selection and contracting. Ultimately, the procurement results in a contract with a selected vendor, subject to review and approval by the agency and GSD.

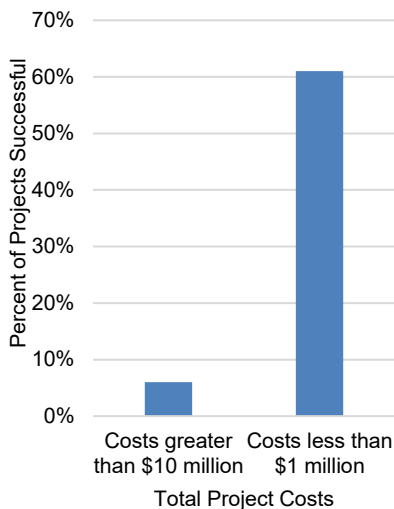
Once implementation begins, the agency manages the contract and vendor relations, while EPMO provides project management and oversight. Large projects are subject to independent verification and validation (IV&V) at this point, which provides additional outside oversight beyond EPMO and PCC, including reviews of changes, risk, status, and readiness to proceed. LFC provides legislative oversight, but not operational management, through budget review, program evaluation, and overall review of compliance with state requirements. Upon project completion, EPMO monitors system implementation, resolution of contractual and technical requirements, and project closeout, with PCC also having one final certification gate during closeout. The process includes layers of oversight, with cooperation and coordination key to ensuring timely, effective completion and implementation of the IT procurement.

Best Practices in IT Procurement

States and organizations working on procurement have converged on a set of best practices to improve the efficiency of IT procurement. A key component of those practices is a shift toward treating IT acquisition as an ongoing service rather than a one-time purchase of a finished product. Consistent with this shift, several other practices support smoother IT procurement, including outcome-based contracting, product ownership, sprint-based oversight, streamlined RFPs, and procurement transparency. These practices are detailed below and broadly grouped into contracting and governance, followed by examples from Colorado and New Mexico.

Emerging research on IT procurement best practices suggests the state may benefit from reframing IT purchases as an ongoing service rather than a finished system or product. Best practices articulated by US Digital Response and the National Association of State Chief Information Officers (NASCIO) are shifting toward "agile software development," which favors broad-stroke planning over fine detail. From this perspective, procurement officials should instead focus on a clear description of the overall project goals and the steps necessary to get the project started. The agile approach breaks the project into smaller pieces, which historically have a higher success rate, and assigns them to multiple vendors who can then be held accountable for delivery. Agile prevents vendor lock-in, increases accountability, and fosters competition. It also provides avenues to address the inevitable changes in both technology and end-user needs over the course of the software's development. Ultimately, the agency or government will be held accountable for the project's success or failure, so it must maintain mechanisms to hold the vendor accountable during the design phase. However, with less upfront planning and more individual components, procurement officials must build stronger relationships with the vendors they will

Chart 1. Percent Success of 25,000 IT projects by Total Costs



Source: US Digital Response

Agile software development entails planning projects in broad strokes with well-defined goals aimed at getting the project started. This approach uses small teams of five to nine members, user-centered design, and short iterations or "sprints" of two to six weeks to meet well-researched user goals. Software is tested, documented and ready to be used at the end of each sprint. Vendors are paid for employees' time, and the government owns everything that is created in the process.

Source: US Digital Response

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rely on for ongoing development and, eventually, implementation, integration, and updates. This more relationship-based development process is closer to an ongoing service than to buying an off-the-shelf product. This reframing is necessary because only 13 percent of large government software products succeed. To improve the chances of success, IT procurements are better understood as purchasing an ongoing service and establishing a working relationship rather than buying an off-the-shelf product. This insight comes from the experience that IT products require more flexibility than traditional procurement provides, which relies on “waterfall development.” Waterfall development plans an entire project upfront and is typical of the large IT projects underway in New Mexico. By contrast, building IT systems with agile software development from the beginning increases the chances of delivering systems that meet end-user needs, on time and under budget.

Table 3. IT Procurement Best Practice in Contracts

Aspect	Statement of Objectives (SOO)	Statement of Work (SOW)
Purpose	Defines high-level goals and outcomes	Defines specific tasks, deliverables, and execution plans
Flexibility	Allows contractors to innovate on how to meet objectives	Prescriptive — little room for interpretation
Detail Level	Broad and outcome-focused	Detailed and task-focused
Legal Standing	Usually not legally binding	Legally binding when part of the contract
Use Cases	Complex or innovative projects (government, R&D)	Fixed-scope projects (IT rollouts, construction, procurement)

Source: Sirion

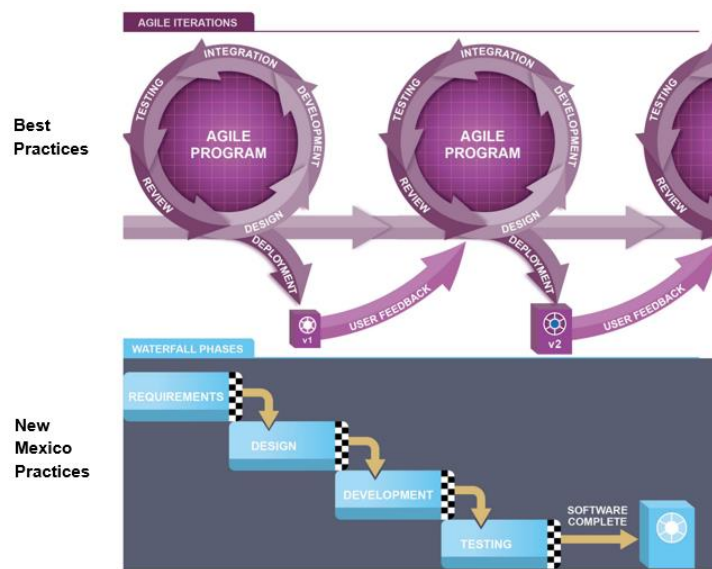
Best practices in IT procurement contracting emphasize smaller-scope contracts focused on outcomes and total cost of ownership. Given the scale of IT procurement projects, effective contracting at the outset is imperative to success. According to US Digital Response, contracts should be written as Statements of Objectives (SOO) rather than Statements of Work (SOW). SOOs provide more flexibility in what intermediate work products or processes may look like, in exchange for a clearer statement of desired outcomes, or what the project should achieve. By contrast, SOWs are more specific about how the work will be done, with details about tasks, deliverables, and timelines. SOWs do not allow contractors to innovate or deviate in the method used to fulfill the contract, which may introduce needless rigidity and outcomes inconsistent with business need. SOOs align better with agile software development, an approach that moves away from

Success with agile development: Federal Veterans Affairs “Occupational Health Record-keeping System (OHRs)”

Procurement of the OHRs system succeeded by utilizing an agile framework. Consistent with the agile approach, end users and the project team owned the project and its deliverables. The project team leveraged years of end user research to establish requirements for the new system. An end user representative was part of the project team and tested functionality daily. Officials stated that sustained end user involvement was key to risk mitigation during the project. The VA trained the whole team on agile methods before the project began, which was reflected in the close, non-adversarial working relationship between the project team and the contractor. OHRs succeeded with an explicit and careful agile approach built into the effort from identifying end user needs through delivery.

Source: GAO

Figure 1. Comparison of Agile and Waterfall Methods for Developing Software



Source: GAO

“waterfall development”, or planning an entire project upfront, toward planning for broad outcomes, clear goals, and a way to get the project started. Agile software development gives vendors more latitude to determine appropriate intermediate steps to achieve outcomes. This, in turn, helps ensure the state ends up with a product that achieves the planned outcomes, even if the path to the working system could not have been envisioned or planned perfectly at the outset. And since the contract requires outcomes, not process, a vendor that fails to deliver the outcome may be held accountable or replaced.

Effective IT procurement is served by careful contracting with short RFPs, no “unlimited liability” clauses or “performance bonds,” and flexible, modern terms and conditions shared early in the process.

These changes simplify procurement, encourage competition, and can reduce total costs. Though the absence of “unlimited liability” clauses and “performance bonds” would seem to increase risk, including these practices in an agile approach to procurement decreases risk through shorter sprints, more and smaller deliverables, more competition, greater vendor accountability, and less risk of a huge project getting years behind and millions of dollars over budget.

US Digital Response details best practices which include encouraging shorter RFP’s, 20 pages or less if possible. This aligns with the sprint format, where each contract is short-term and focused on a specific work problem that can be demonstrably solved in weeks. A shorter RFP and fewer terms and conditions lower barriers to entry for new vendors, encourage competition, and make it easier for the state to end contracts with underperforming vendors.

The National Association of State Chief Information Officers (NASCIO) recommends eliminating “unlimited liability” clauses as a best practice, meaning there is no ceiling on the damages the state could claim from the vendor. NASCIO recommends removing these clauses because they limit competition by deterring vendors, especially smaller or newer vendors. Unlimited liability clauses also may drive up prices as vendors factor litigation and legal costs into risk. Relatedly, the state should provide vendors with terms and conditions early to expedite the negotiation cycle. Those terms and conditions should be more flexible and responsive to technological change.

Further, best practices discourage “performance bonds,” third-party financial guarantees that protect the state if the vendor fails to complete the contract. Performance bonds limit competition by making it difficult for small firms that may lack the capacity to qualify for high-dollar bonds. In addition, even when firms have the capacity, bonding costs may be passed on to the state, raising costs for all vendors. Determining whether partially completed software is usable, and how much it would cost to finish or replace it, adds complexity that causes many bonding companies to avoid bonding IT projects. However, a state that follows best practices handles failure by contracting a new team. The “sprint” format and modular contracting that best practices recommend already mitigate underperformance or failure by breaking the project into smaller tasks and enabling swift vendor changes when necessary and without a large loss of time or funds. These practices are likely to improve contracting by modernizing the terms and conditions, removing unnecessary requirements, and thus likely increasing the number of potential vendors.

Definitions

Unlimited liability clause: A contractual provision that assigns all performance risk to the vendor and places no monetary limit on the vendor’s liability for unacceptable contractual performance.

Performance bond: written guarantee from a third party guarantor surety or bonding company submitted to an obligee (state government) by a principal (contractor/vendor) upon winning the bid that ensures payment in the event that the contractor fails in the full performance of the contract.

Source: US Department of Health and Human Services, NASCIO

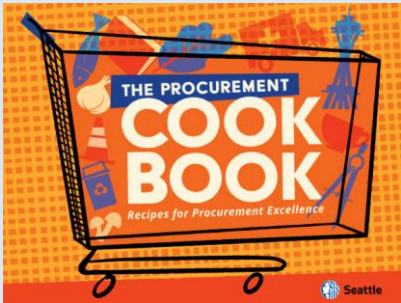
“In order for states to lower costs and create a competitive pool, states need to consider finding ways to leveraging existing protections and adjusting performance bond requirements if necessary”

-National Association of State Chief Information Officers (NASCIO)

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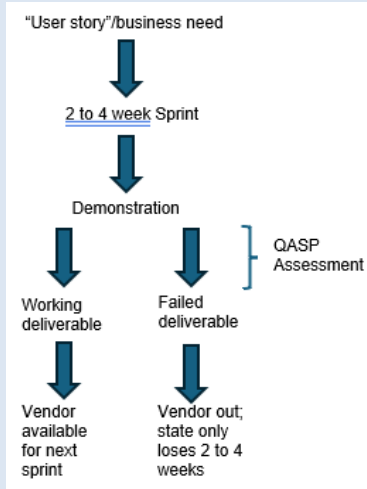
Seattle, Washington: Recipes for Procurement Excellence

Seattle launched a major reform effort of its procurement practices in 2022. The effort, which aimed to make procurement more efficient, strategic, and results-driven resulted in the city's Procurement Cookbook. The cookbook documents promising practices and lesson learned. The initiative led to consolidation of procurement into a digital platform, public-facing dashboards to enhance transparency, simplified solicitation, and procurement data gathering to continue improving. Following these reforms, procurement durations declined by 40 percent between 2022 and 2025. Though these reforms apply to all procurement rather than just IT, they show the possibilities of strategic, transparent, data-supported procurement. For New Mexico, the efforts in Seattle show the improvements in procurement that are possible with better data, transparency, and process management. Notably, these changes come without a fundamental change to the existing procurement structure.



Source: City of Seattle

Agile Development "Sprint" Process



Source: US Digital Response

National best practices and New Mexico's own guidance both suggest that "off-the-shelf" claims made by vendors should be viewed with skepticism, as the underlying product will likely require extensive customization. The technology purchased will almost certainly need to be modified, and possibly dramatically modified, to meet the state's particular needs. US Digital Response best practices suggest skepticism of vendor claims that a product or commercial off-the-shelf software (COTS) is likely to work "out of the box" or with minimal customization. While COTS may eventually be a workable solution, the state should exercise diligence in researching the vendor's other COTS implementations at other agencies and states. Even then, customization may take longer or be more complex than the vendor suggests. This recommendation and practice is consistent with New Mexico procurement guidance, which suggests that "custom developed software is considered high risk."

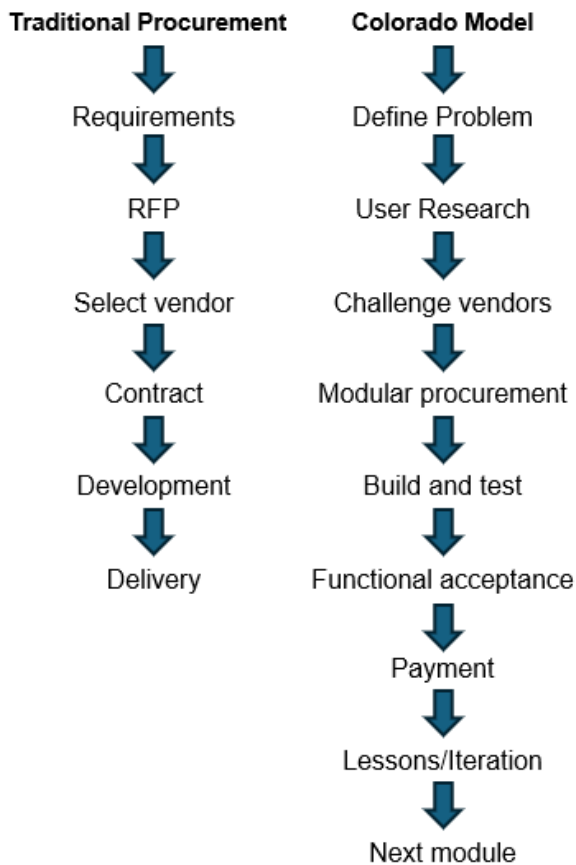
US Digital Response best practices for major IT projects call for a dedicated "product owner," a government employee who works with stakeholders, technologists, and the vendor to meet business needs and policy constraints. As the key state representative, the product owner ensures the project aligns with the SOO's vision and outcomes. They should focus on end-user value and use iterative performance indicators. In keeping with agile product development, they should create room for the development teams to learn and to provide incremental evidence of value to end users. This flow of evidence lets the product owner continually ensure the end-user goals outlined in the SOO are being met, and lets the state switch vendors mid-project if they are not achieving outcomes. As such, the product owner does not need deep technical knowledge. Instead, the product owner needs deep knowledge of the system's users and the environment in which they operate.

Oversight and measurement of IT project success should focus on demonstrating the actual capabilities of pieces of the new system, and those tests should be carried out at the end of short work cycles called sprints. Rather than measuring completed work against the schedule, US Digital Response best practices suggest demonstrating capabilities to end users. These demonstrations should happen often: at the end of each sprint, a two- to four-week block of work aimed at addressing a user story or specific business need. These short work cycles and frequent demonstrations deliver working software and regular accountability. If a vendor failed to deliver, the failure would be evident in the demonstration, and the state could replace vendors with only a few weeks of wasted effort rather than months or years. The state should assess the products produced at the end of each sprint against a Quality Assurance Surveillance Plan (QASP). The QASP spells out the government's criteria for assessing each sprint's products, primarily by asking whether the product works in an objective, observable demonstration. If the demonstration is successful, the project can proceed with another component. If not, the project is only set back a matter of weeks, and the state can readily find other vendors or hold the current vendor accountable.

According to the Organization for Economic Co-operation and Development, all types of public procurement, including IT, benefit from transparency, including public-facing documentation of ongoing procurements and, when possible, the publication of source code. Transparency as a general procurement principle promotes fairness and more equal opportunity and access for many vendors, creating greater competition

and efficiency. Additionally, it prevents favoritism and lets the press and the public scrutinize and critique the use of public money, encouraging more responsible stewardship of taxpayer funds. As such, the Organisation for Economic Co-operation and Development (OECD) recommends that governments provide online access to procurement details for vendors and the public. That same report notes that publishing information in a decentralized manner, for example across different webpages or publications, can limit visibility. They suggest, by contrast, that data should be centralized and “machine-readable” to improve usability. In practice, this means IT procurements should be published in a maintained, structured, searchable registry or dashboard that centralizes relevant details. This should include information such as RFPs, technical specifications, evaluation criteria, signed contracts, market studies, and audit reports, though agencies should strive for transparency whenever possible, legally and practically. Agencies should also publish source code and documentation for major IT projects whenever possible.

Figure 2. Traditional Versus Colorado Procurement Models



Source: Colorado Digital Service Office, US Digital Response

Colorado has been moving toward best practices in IT procurement through its Digital Service Office and is currently applying them in a major procurement.

Colorado’s Digital Service Office is housed in the state’s Office of IT (OIT) and includes procurement and contracting specialists as well as product managers, designers, and engineers. The office explicitly utilizes an “outcomes-based approach” for IT procurements. They also practice “modular active procurement and contract management.” As noted above, modular contracts allow large projects to be broken into manageable pieces, allow separate components to be completed simultaneously and potentially by different vendors, reduce reliance on single vendors, and allow the replacement of parts of systems without a commitment to replace the whole system. Their OIT noted explicitly that the Digital Service is an agile procurement enabler. In addition to the outcomes-based approach, the service utilizes Quality Assurance Service Plans in which the vendor is paid only for functional software delivery. They also use “challenge-based procurement,” in which the state defines the problem and challenges vendors to show they can address it with the agency. This ensures the state partners with vendors that have demonstrated they can address the problem, rather than only arguing that they can. These approaches shift risk from the state to vendors whose payments are tied to demonstrated functionality rather than simply labor or checking off contracted activities. Additionally, they conduct “robust user research and service design” to ensure that the procurement and development process is aimed at solving the problems faced by the actual users of the system.

Colorado is putting these innovative methods into practice in their re-procurement of the Colorado Benefits Management System (CBMS). This large procurement is being carried out with a modular, agile, phased approach which includes “invitations to negotiate” (ITNs) for separate modules as opposed to a traditional RFP for the whole project. This also involves a broad array of stakeholders in documenting user needs and other elements that will “modularize” the system. Per the State of Colorado, this represents “a streamlined approach to re-procurement, reducing the resource burden while maintaining compliance with federal regulations.”

Colorado’s efforts to update its CBMS show that states can incorporate IT procurement best practices in complex, contemporary IT procurements.

New Mexico’s Department of Information Technology’s website includes IT procurement guidance; however, that guidance is dated, limited in scope, and does not reflect the emerging consensus on best practices. The Enterprise Project Management Office (EPMO) provides information, planning, oversight, and consulting to state agencies to enable, initiate, and integrate IT projects to more effectively deliver services to New Mexico citizens. To that end, EPMO maintains guidance on its website for agencies working on IT contracts, RFPs, and professional services agreements. This would be an ideal place for DoIT to keep agencies up to date on the latest IT procurement best practices and integrate them into its guidance, templates, and training documents. Instead, the documents focus exclusively on New Mexico’s current administrative processes. In addition, the document entitled “Department of Information Technology (IT) Procurement Guidance” dates back to the Susana Martinez administration and former cabinet secretary Daryl Ackley, meaning the guidance agencies must rely on is at least eight years old. Given the rapid pace of technological change and the pressure on administrative practices to keep up, outdated documents and guidance pose a risk to the state.

Table 4. Comparing DoIT Website & Best Practices

Current DoIT guidance addresses
New Mexico administrative requirements
RFP and contract procedures
Required submission timelines
Standard templates
Risk-based project tiering
Alternatives / shared solutions
Project certification
Current guidance largely does not address
Agile development
Product ownership
Lifecycle / total-cost considerations
Best practices in managing vendor relationships
Modern approaches to requirements development
Other emerging IT acquisition practices

Source: DoIT

Further, neither the IT Procurement Guidance nor the other documents published on the EPMO website articulate best practices for agencies and officials undertaking a new IT project. The guidance document does suggest some best-practice thinking, such as risk-based tiering (flagging high-risk projects for extra scrutiny), a duty to explore alternatives—such as sharing solutions with other agencies, early submission requirements for RFPs and contracts, and centralized standard templates. However, other best practices prominent in the contemporary literature, such as agile product development and product ownership (a government employee “owning” the IT product being procured), are left out. These gaps leave open the possibility of elevating DoIT’s resources from guiding agencies and officials through New Mexico’s administrative requirements to also providing a contemporary framework for effective IT procurement.

IT Procurement in New Mexico

New Mexico’s recent IT procurement history shows a willingness to pursue large procurements using traditional practices that have often led to projects falling behind schedule and going over budget. While oversight has pushed some projects toward best practices, large projects like the Comprehensive Child Welfare Information System (CCWIS) still show the state has much room for improvement. Appendix A shows a flowchart of New Mexico’s current procurement practice after incorporating the General Services Division (GSD) into the contracting process in January 2025.

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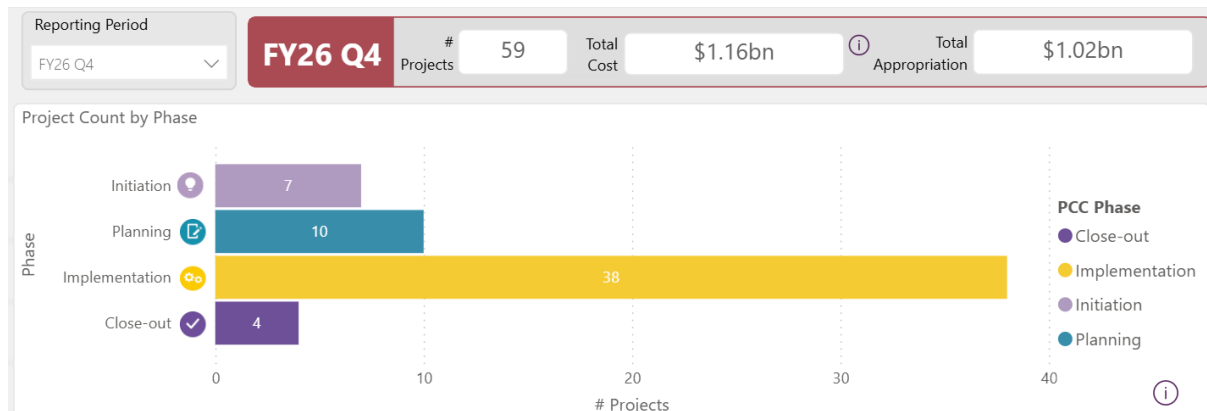
Table 5. New Mexico's Largest Ongoing IT Projects

Project	Agency	Phase	Original Cost Estimate (in millions)	Spent to Date (in millions)	Estimated to Complete (in millions)	Total Costs (in millions)	LFC Rating (Q4 FY26 Report Card)
MMIS Replacement (MMISR) Project	HCA	Implementation	\$ 175.8	\$ 379.1	\$ 113.8	\$ 493.0	R
P25 Digital Statewide Public Safety Radio System	DoIT	Implementation	\$ 150.0	\$ 116.0	\$ 74.0	\$ 190.0	Y
Child Support Enforcement Project	HCA	Planning	\$ 65.6	\$ 18.4	\$ 45.1	\$ 63.5	R
CCWIS NM Impact Project	CYFD	Implementation	\$ 36.0	\$ 64.9	\$ 25.5	\$ 90.4	R

Source: DoIT, LFC Files

DoIT's Enterprise Project Management Office (EPMO) dashboard shows that, at the end of FY26, the state managed 59 open IT projects with a total cost of \$1.16 billion. The dashboard allows users to view projects across multiple variables. Of the 59 projects, 46 (78 percent) are in green status, meaning scope, budget, schedule, and independent verification and validation (IV&V) are on track and manageable by the project team. Six projects (10.2

Figure 3. DoIT Dashboard: Project Count by Phase



Source: DoIT

percent) are in yellow status, meaning scope, budget, schedule, and IV&V are manageable, but at least one issue has been elevated to the executive steering committee or requires executive intervention. Seven projects (11.9 percent) are in red status, indicating more serious issues and requiring DoIT assistance.

In terms of project costs, the costliest project by far is the Health Care Authority (HCA) MMIS Replacement (MMISR) Project, with \$412.8 million spent to date. The next largest include DoIT's P25 Digital Statewide Public Safety Radio System, which has spent \$116.1 million to date, and the Higher Education Department's (HED) Collaborative for the Higher Education Shared Services project, which has spent \$98.3 million to date. The dashboard also shows projects by agency. This data shows that the Environment Department is managing eight open projects, the Public Education Department (PED) six, and the Department of Public Safety (DPS) four. Of the other 24 departments with an open IT project,

Independent Verification and Validation (IV&V)

IV&V is an independent assessment of an IT project's deliverables and processes to determine whether they met agreed-upon requirements, standards, and user needs. It provides the managing agency with an objective assessment of the project's performance and potential risks.

Source: GAO

all manage three or fewer projects, with one project being the mode. Overall, the dashboard provides clear visibility into project status, costs, and phases across state agencies. While the dashboard shows projects that may be behind schedule or over budget, it does not show issues such as procurement and governance, which would require oversight from DoIT, LFC, or the managing agency to uncover.

Though best practices emphasize smaller-scope contracts focused on outcomes and total cost of ownership, New Mexico's large IT procurements have often been large-scope contracts with no spend caps or contract-size limits.

In a 2020 memo, the LFC pointed out that the P25 Public Safety Radio Project, which aims to replace public safety radio equipment and systems with digital systems, spent at least \$20 million on Motorola under a statewide price agreement. This structure prevents the state from verifying fair and reasonable prices and from engaging competing vendors to secure the best possible value. The 2020 LFC memo noted the problematic issue of terms and conditions: "Instead of awarding an IT professional services contract against the price agreement, DoIT signed the vendor's agreement totaling \$18 million. This leaves the state bound by vendor terms and conditions, including payment for goods and services prior to the completion of the work." The information Motorola provided at the time lacked prices and model numbers for associated account product codes, which prevented price verification. Further, the state, in contract with Motorola, has carried out the entire P25 project, with deployment phased over time. DoIT's IT project dashboard treats the P25 project as a single item with total costs of \$190 million.

Likewise, MMISR has been structured as a single large IT project. This structure contradicts guidance from the Centers for Medicare and Medicaid Services (CMS) requiring a modular approach to building a Medicaid Management Information System. Under the guidance, states must use a modular approach to secure enhanced federal matching funding to develop and implement the system. The federal guidance notes that a modular approach "supports timely, cost-effective projects," which is broadly consistent with other literature on best practices in IT procurement. Finally, the guidance includes no evidence of spend caps or contract-size limits. The success rate of IT projects declines sharply as projects exceed \$10 million. The state has spent over \$116 million on the P25 project to date, and \$379 million on MMISR. Regarding MMISR, guidance notes that complex Medicaid projects may require larger contracts, but the principle that smaller-scope contracts are more likely to succeed suggests substantial risk associated with the sheer scale of New Mexico's MMISR project.

The state and Motorola signed a contract in December 2025 as part of the P25 project, showing movement toward established best practices while still retaining some dated and inefficient practices.

The contract, signed in December 2025, represents about 13 percent of the total costs of the P25 project and provides a snapshot of the contracting practices the state used in that project. LFC found some notable improvements over what Motorola contracts reviewed in the 2020 memo. First, the 2020 memo noted that the state signed Motorola's own Communications Systems and Service Agreement rather than requiring Motorola to sign the state's IT professional services contract. By contrast, the 2025 contract is based on the state's standard template. Next, consistent with best practices, the 2025 contract requires no performance bonds. Third, the contract's pricing structure is explicit and verifiable in the contract. This allows the LFC or others to audit the pricing and spending

The state's agreement with Motorola departed from the Statewide Price Agreement's practice of allowing purchase of goods and services at pre-negotiated price ceilings. The contract the state signed only included account product codes which then had to be verified with an online catalog that did not list discounted prices that may have changed. When LFC attempted to verify prices, some items were not available and their prices could not be verified. Further, "55 percent or \$10 million of Motorola's implementation services costs included in the \$18 million contract are not transparent, in alignment with the SWPA, and could not be validated." The lack of price transparency in the agreement led the LFC to recommend issuing an RFP to further expand the vendor pool and increase competition.

Source: LFC Files

and is consistent with best practices. Fourth, Article 4 includes an oversight mechanism that requires the state’s executive representative to conduct a Quality Assurance Review against the Statement of Work before payment. Although this step still falls short of established best practices, it provides greater oversight than before and moves toward best practices.

Several practices persist in the 2025 contract that still fall well short of US Digital Response, National Association of State Chief Information Officers (NASCIO), and GAO’s published best practices. The procurement used a statewide price agreement rather than an RFP, which would have required more bids and competition. The contract additionally details fixed prices in most cases. This contrasts with time-and-materials (with a cap) contracts, which give the state flexibility to respond to user needs and change vendors without jeopardizing the project. Next, the contract also contains language suggesting unlimited liability. Specifically, indemnification “will not be limited by the existence of any insurance policy or by any limitation concerning the amount or type of damages.” This is precisely the type of clause that NASCIO warns against in its recommendations for improved state IT procurement. Such clauses restrict competition and drive up prices. Finally, the project is phased but not broken into short sprints. Instead, four phases span four years. These large deliverables resemble waterfall development: large, detailed, pre-planned phases that best practices specifically warn against.

Table 6. Motorola Contracts Over Time

Issue	Contracts reviewed in 2020 LFC Memo	2025 Contract	Best-practice direction
Contract form	Vendor agreement	State template	State-controlled terms
Oversight	Limited	Quality assurance review before payment	Independent/ongoing oversight
Pricing	Less transparent	Explicit and listed in Exhibit B	Transparent and auditable
Competition	Statewide price agreement	Statewide price agreement	Competitive procurement
Development	Large phases	Large phases	Short iterative releases

Source: LFC Files

The state’s large IT projects have mostly fallen short of governance best practices, notably by failing to empower “product owners” and project managers and suffering from leadership discontinuity.

Governance best practices include several distinct areas where the state should take steps to ensure projects are led and overseen effectively. First, a 2020 LFC memo noted that the P25 project lacked a dedicated, empowered product owner. Product owners are government employees who provide a clear project vision, ensure a clear strategy, and understand the needs of the state and the systems’ users. Such a product owner could have made decisions on behalf of DoIT earlier in the project and managed smaller-scale deliverables throughout the project. Instead, an advisory committee was supposed to fill these functions and include key stakeholders; however, by the time the 2020 memo was written, changing secretaries and the COVID-19 pandemic had delayed convening the committee and, likely, the leadership and oversight it could have provided. During that same

time, the P25 project employed only a part-time project manager. LFC noted that the project's complexity and cost warranted a full-time project manager, consistent with recommendations in the literature. Frequent turnover in agency leadership further compounded the problem. Since 2018, six individuals have served a total of seven terms as Cabinet Secretary or Acting Cabinet Secretary of DoIT. This means that the P25 project alone has spanned at least five different secretaries. The 2020 memo linked this turnover to delayed governance-committee formation.

By contrast, the MMISR project included some functional governance structures such as an Executive Steering Committee with actively engaged leadership. These structures did not prevent massive growth in the project's scope and costs, or the LFC from rating it high-risk. So while governance is necessary, it is not sufficient on its own; the MMISR example shows that execution-level issues such as vendor staffing or procurement delays can hamper the project even with effective governance in place.

One of the state's oversight mechanisms is the Project Certification Committee, which approves and certifies projects and may be weakened by proposed rule changes. To approve and certify a project at each phase, the PCC reviews project plans, funding requests, risk information, project status, and other documentation, and certification serves as a gate before releasing funding for the next phase. For projects costing \$100 thousand or more, the four phases make the PCC an active process. In 2025, the committee met 13 times and has met eight times so far in 2026. However, the committee's formal structure is currently in transition. The current administrative rule describes the PCC as a subcommittee of the "Information Technology Commission," an entity that hasn't existed since 2017. In May 2026, DoIT proposed updating the rules, eliminating the existing PCC, and retaining the phased project certification and funding requirements. Under the proposal, DoIT would retain oversight of those functions. However, those proposed PCC rules would have eliminated LFC and DFA's voting rights. In July 2026, the LFC notified DoIT of its objection to the rule change, citing multiple recent examples in which LFC's deep knowledge of legislative priorities and intent, and DFA's knowledge of the funds in question, prevented impermissible requests from being funded. Without LFC's and DFA's knowledge of these requests, DoIT may have approved and certified them, risking funding or statutory conflicts later in the project. DoIT responded to that letter noting that the proposed rule changes would not "prevent the Secretary from continuing to incorporate DFA and LFC in the certification process, especially regarding the certification of appropriate use of funding." The latest draft of the rules would keep DFA and LFC in the process to verify project compliance with financial requirements. This would preserve a role for DFA and LFC, though it appears to be more limited in scope than before.

**Project Certification Committee (PCC)
Certification Gates and Phases**

Four phases require an agency presentation and PCC approval:

- Initiation Phase
- Planning Phase
- Implementation/Execution Phase
- Closeout Phase

PCC Approval and Certification result in a letter to DFA authorizing the release of funds in one of three ways:

- Release of funds – no requirements or contingencies
- Release of funds with requirements
- Release of funds contingent upon completed tasks

Source: DoIT

Table 7. IT Project Oversight Methods

Layer	Purpose	Example
Agency oversight	Verify deliverables	Product owner/ QASP
Project oversight	Monitor scope, cost, schedule, risk	Agency/ EPMO
Technical oversight	Evaluate architecture	Technical Architecture Review Committee (TARC)
Independent oversight*	Independently assess project performance	IV&V

*Note: May be waived.

Source: DoIT, LFC Files

PCC grants waivers from the Independent Verification and Validation requirement if “the agency has a demonstrated mastery of a technology platform or application,” allowing agencies to proceed without an independent assessment based on prior experience with the technology. Governance best practices emphasize multiple avenues of project oversight. A key example is the Quality Assurance Surveillance Plan, a method for demonstrating to the product owner, a government employee, that the deliverable at the end of each sprint or phase “actually works.” While the best-practices literature does not specifically cite independent verification and validation (IV&V) as the preferred oversight method, the PCC waiver removes a legitimate source of independent oversight without necessarily demonstrating that equivalent controls are in place. New Mexico’s actual experience shows the potential value of independent oversight. The Statewide Interoperable Radio Communications Internet Transport System (SIRCITS) project, an IT project that ran from 2010 to 2012, utilized an IV&V contractor, which helped keep that project on track. Conversely, LFC’s 2020 review of the P25 project found that DoIT accepted vendor-supplied pricing and contract terms without independent verification. Although that inquiry did not specifically evaluate IV&V requirements, the finding shows the risk associated with relying on vendor or agency representations without independent review. While waivers may reduce administrative burdens for agencies, this process could exempt future projects from independent oversight without ensuring that existing controls provide sufficient and comparable assurance.

Table 8. New Mexico versus Idaho CCWIS Implementation

	New Mexico	Idaho
System	NM IMPACT	ESPI
Original/ implementation estimate	\$36 million	\$30 million
Current/ reported cost	\$90.4 million	\$30 million
Development period	9 years to date	3 years
Operational status	Initial rollout in August 2026; full rollout expected in October 2026	Operational since 2021

Source: LFC Files, HHS, Idaho Child and Family Services Review

New Mexico’s development and implementation of the Comprehensive Child Welfare Information System (CCWIS) has been protracted and over budget; while states like Idaho have had more success with their CCWIS, implementation has been challenging nationwide. New Mexico began replacing the legacy Family Automated Client Tracking System (FACTS) with CCWIS to meet federal requirements in 2017. Although the project was initially estimated to cost \$36 million and be completed by October 2022, the cost has since risen to over \$90 million, and the estimated completion date has moved to October 2027. Further, after the system’s partial August 2026 launch, LFC noted that some initially planned functions remain unavailable. These functions and others were expected in the full switchover on October 13. However, the project has been delayed once again to an undetermined date.

Unlike New Mexico’s experience, Idaho implemented its “Ensuring Safety and Permanency in Idaho” (ESPI) as the state’s branded version of CCWIS in about three years for \$30 million. A federal HHS study has noted the nationwide complexity of CCWIS projects, but highlighted Idaho (and Arizona) as a “notable success.” To do this, Idaho contracted with Deloitte, which claims the system was completed in two years and notably used an agile, phased implementation. Despite the apparent efficient implementation, Idaho has dealt with data-entry delays and data-integrity problems. While these are major issues, Idaho’s Child and Family Services Review claims it regularly implements technical fixes and improvements, ostensibly in part to address these identified issues. So, while Idaho’s CCWIS has ongoing issues, it still contrasts sharply with New Mexico’s experience.

New Mexico’s experience is closer to the national norm. The HHS report referenced above also found that across CCWIS implementation projects nationwide, only 23 of 75 projects (30 percent) were operational, up from just

three total as reported by LFC in October 2025. The average CCWIS project lasts six years, with most still not operational after eight years. Several common issues have held up projects nationwide: technological complexity, organizational readiness, leadership and staffing, legacy-system complexity, procurement processes, contract oversight, legal requirements, and, importantly here, large bundled procurements. Per the HHS report, “large bundled procurements undermine the modular approach CCWIS envisions.” Similarly, large bundled procurements do not align with national best practices in IT procurement. The Idaho case, along with national data, shows that while New Mexico faces problems common across states implementing CCWIS, some states have completed substantially similar large IT projects in less time and with smaller budgets.

Adopting and Implementing IT Procurement Best Practices in New Mexico

Adopting new ways of conducting business, such as large procurements, presents governments with a major challenge. As detailed above, other states like Colorado and Idaho have found ways to utilize aspects of the best practices discussed in this brief. The federal government has also tried to implement these best practices and detailed the challenges it encountered. The experiences of both the federal government and state governments are instructive for New Mexico’s IT procurement going forward.

Adopting and implementing agile software development practices in state government will require a commitment to fundamental changes in work culture within New Mexico agencies involved in procurement and IT. Agile software development’s emphasis on early, continuous delivery of working software and continuous evaluation of functionality, quality, and customer satisfaction places particular demands on organizations. GAO reviewed the history of federal government adoption of agile methods of software development and noted at least four program management activities that presented challenges. First, the deeper collaboration and commitment to the process required of stakeholders in agile development presented issues. Individual staff were accustomed to working alone in their own workspaces, rather than the shared workspaces associated with agile. Staff also struggled to manage self-directed teams, a shift from being directed by a program manager. While the agile approach encourages teams to take responsibility for their own work and resolve issues, many individuals were accustomed to taking issues to senior officials. They also found the agile requirement to update work schedules and maintain a faster iterative pace onerous. Some organizations also found it difficult to fully staff agile teams, as many employees split their time with other responsibilities and could not dedicate their time to the agile team.

Second, agile development calls for conducting development, testing, and operational tasks simultaneously. This is technically demanding and can be expensive and resource-intensive. Some organizations found that program policies written for waterfall-style development, not agile, were inadequate and would have to be rewritten. Without rewriting these policies, some projects ended up with a mix of waterfall and agile guidance, which led to confusion. In ideal circumstances, agile teams are staffed at a minimum level to carry out the iteration, but can be adjusted to meet the demands of the work.

Table 9. Waterfall Versus Agile Software Development

Stage	Waterfall	Agile
Planning	Most requirements defined up front	Requirements refined throughout development
Development	Sequential phases	Short, repeated iterations, or "sprints"
Testing	Primarily after development	Continuous throughout development
User feedback	Often concentrated near the end	Incorporated throughout development
Changes	Changes can be difficult and costly	Change is expected and incorporated
Delivery	Large system delivered near the end	Working features delivered incrementally
Procurement implication	Often favors large, fixed-scope contracts	Can favor modular, phased contracts

Source: US Digital Response, NASCIO

Table 10. Iterative Software Challenges as Reported by Federal Agencies

Program Management Activity	Challenges
Organizational commitment and collaboration: Actions by management that are necessary to ensure that a process is established and will endure	Teams had difficulty collaborating closely
	Teams had difficulty transitioning to self-directed work
	Staff had difficulty committing to more timely and frequent input
	Organizations had trouble committing staff
Preparation: Establish teams and processes prior to implementing agile for a program	Timely adoption of new tools was difficult
	Technical environments were difficult to establish and maintain
	Agile guidance was not clear
	Procurement practices may not have supported agile programs
Execution: Establish the concrete steps necessary to conduct the defined agile approach	Customers did not trust iterative solutions
	Teams had difficulty managing iterative requirements
	Compliance reviews were difficult to execute within an iteration time frame
Evaluation: Assess processes to improve the agile approach	Federal reporting practices did not align with agile methods
	Traditional artifact reviews did not align with agile methods
	Traditional status tracking did not align with agile methods

Source: GAO

Third, agile development leads both staff and users to distrust the iterative process's ability to succeed. Users in the GAO study were not used to defining requirements after each iteration or redefining requirements as the process identified new work. Further, iterations sometimes require compliance reviews, which some found difficult to manage within the short timeframes of each iteration.

Finally, the iterative approach consistent with agile development requires evaluating working software rather than standard documentation and slide decks. However, the federal government and many officials elsewhere are more accustomed to status reports and dashboard statistics. Agile requires less detailed cost estimates, strategic plans, and upfront planning, relying instead on incremental analysis as the process unfolds. This change differs dramatically from how many government agencies managed such projects in the past. Adopting and executing agile development in New Mexico could improve IT procurement outcomes in the future, but these efforts will likely face some of the same challenges described above.

New Mexico can implement best practices such as outcomes-based requirements, robust user research, or smaller-scope projects without legislative changes; however, the state needs legislative changes to negotiate with competing vendors before proposals are permitted. No legislative changes are required for the state to shift from process-based to outcome-based management of IT procurements. Similarly, only a change in regular practice is needed to conduct deep research into user needs at

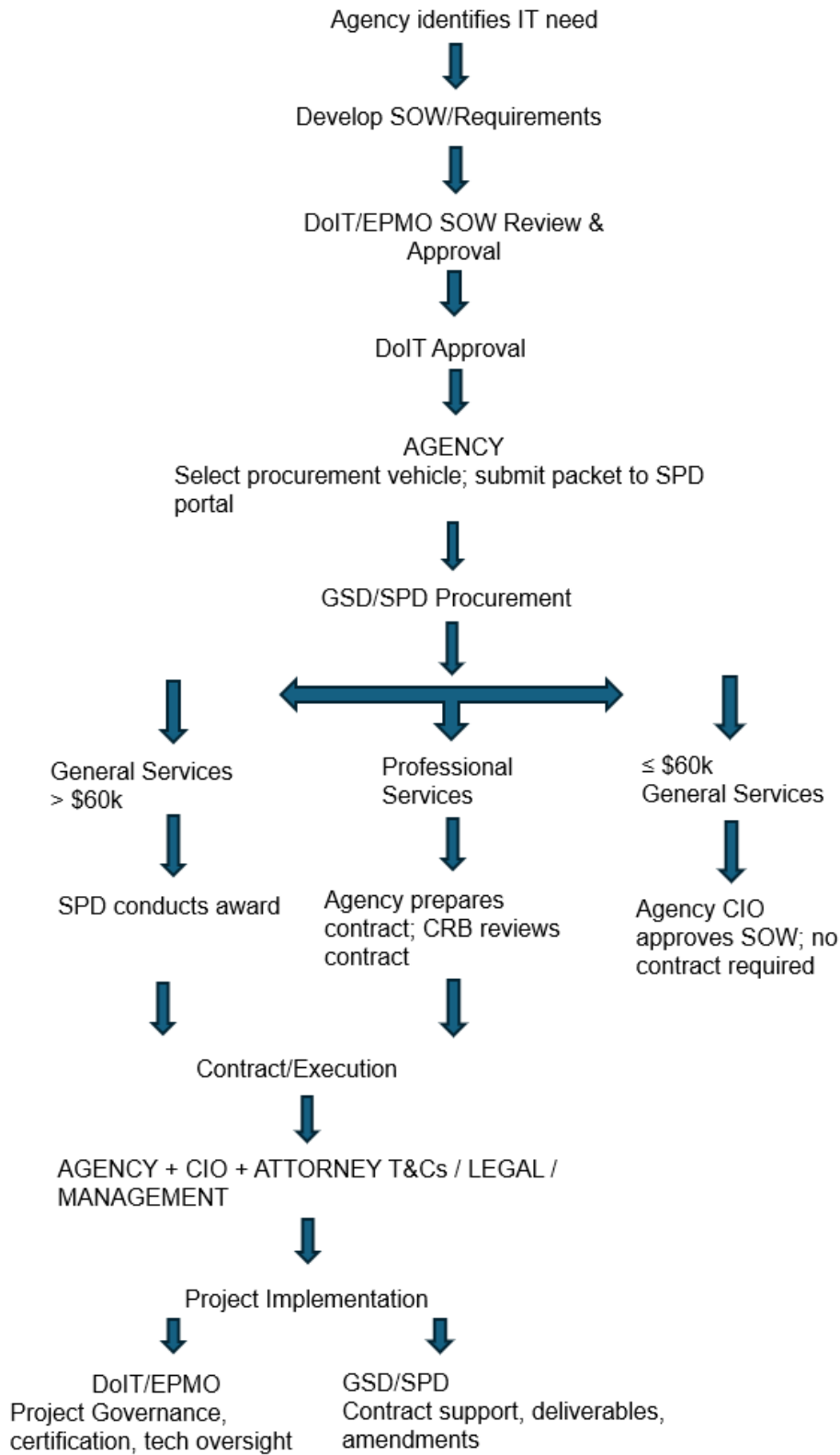
the front end of a project and use it to build smaller, iterative projects that can be contracted out separately. Understanding users' needs before contracting enables smaller contracts that address specific needs rather than bundling all perceived needs into a large project.

However, there is a statutory limitation on conducting negotiations or structured dialogues with vendors before they have submitted proposals. As Colorado's success shows, negotiating with vendors before an award helps refine requirements, test proposed solutions, and identify risks before the state selects a vendor. In particular, New Mexico Section 13-1-111 says that competitive sealed proposals must be used with the state is procuring professional services or when the State Purchasing Agent states that competitive sealed bidding is not practicable. In Section 13-1-112, the law clarifies that competitive sealed proposals shall be solicited through a request for proposals. This does not mean that the state must use highly prescriptive, or waterfall-style RFP's. However, "invitations to negotiate" is a practice in use in Colorado and is consistent with US Digital Response's recommendation that vendors provide solutions to real user problems as part of the basis for being chosen for subsequent pieces of the project.

New Mexico could make ITNs possible through specific statutory changes to add an alternative competitive procurement method that would permit documented negotiation or dialogue with multiple potential vendors before final proposals are submitted. The state could ensure that this process is run with integrity by including guardrails that require equal treatment of potential vendors, documented evaluation criteria, transparency, and a competitive process leading to a final proposal or offer. This alternative procurement process differs from conventional procurement because all requirements for complex IT systems may not be fully understood before vendors demonstrate their proposed solutions—a point Colorado enshrined in its 2018 legislation that made ITNs permissible there.

Appendix A.

Figure 4. Current IT Procurement Process for New Projects



Source: DoIT, GSD, LFC Files

Appendix B.

Figure 5. Current IT Procurement Process with PCC Approval Gates in Red

