
DEPARTMENT OF INFORMATION RESOURCES

Commodity Items

A DIR Vendor Briefing



Thursday, July 28, 2005
1:30 P.M.–3:30 P.M.

Co-sponsored with



Texas Association of State Systems for Computing and Communications

DEPARTMENT OF INFORMATION RESOURCES

Agenda and Logistics



Brian S. Rawson
Director, Service Delivery Division



Acknowledgments

▶ **TASSCC, event co-sponsor**

TASSCC advances education and networking among Texas public sector IT professionals. For more information, visit the registration desk or www.tasscc.org.

▶ **Microsoft and InterCall, web conference host**

For more information about Microsoft® Office Live Meeting, please contact Leslie Ray of InterCall at (512) 481-1212 or leslier@intercall.com.



Program Overview

▶ Agenda

- 1:30-2:30 Commodity Items Briefing
- 2:30-2:45 Break (refreshments courtesy of TASSCC)
- 2:45-3:30 Question & Answer Session

▶ Questions

- DIR solicited questions before the briefing
- Participants may submit questions via the blue question card or the web chat feature **before** the mid-session break (2:30)
- Presenters will review questions during the break and address them during the Q&A session
- DIR will continue to answer questions via the evolving FAQs posted on the website: www.dir.state.tx.us/commodities/.

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New IT Directions for Texas Government



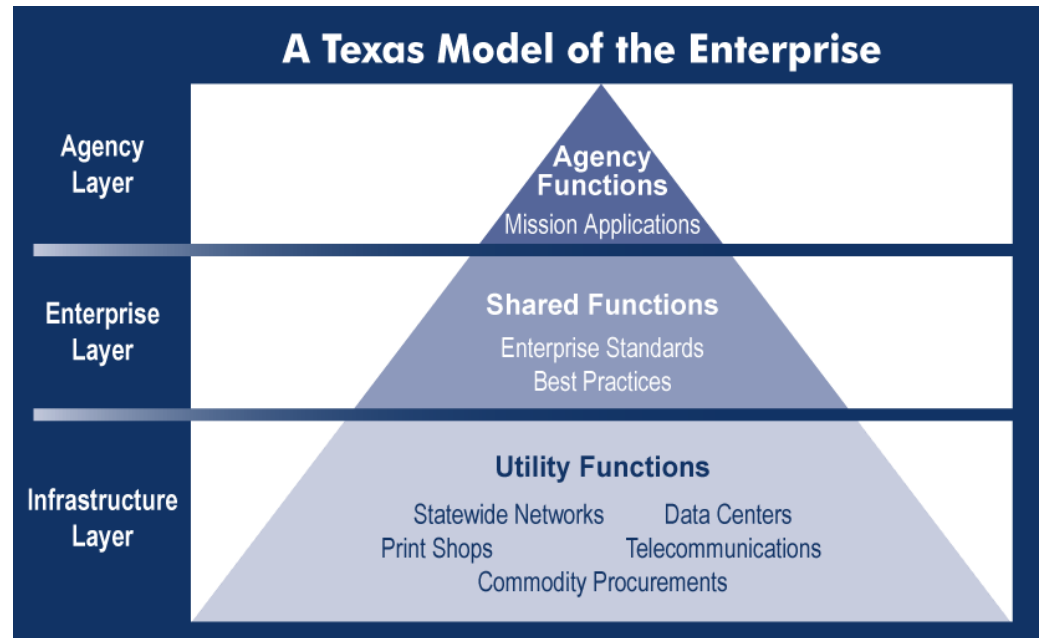
Larry A Olson
Chief Technology Officer
The Great State of Texas



Making Technology Deliver

A Texas model for enterprise governance...

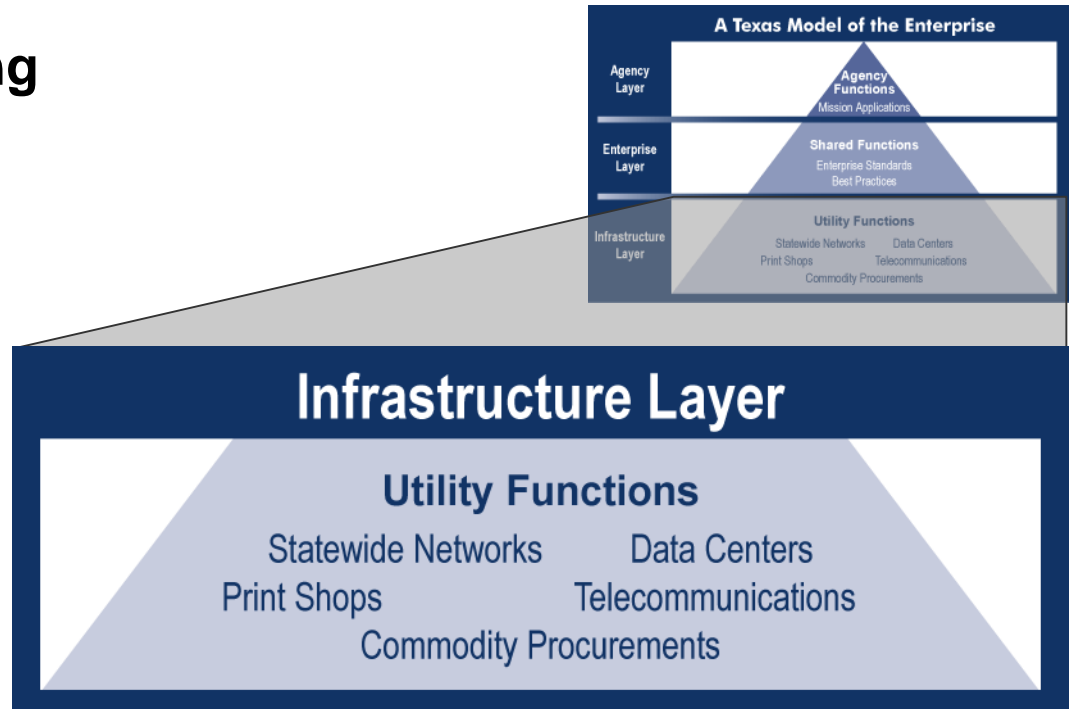
- ▶ Aligns technology to business goals
- ▶ Allows agencies to focus on core missions
- ▶ Leverages statewide resources
- ▶ Increases enterprise communication
- ▶ Promotes best practices throughout the state
- ▶ Builds a platform for statewide collaborative government





Infrastructure Layer

- ▶ Clear, shared, responsibilities
- ▶ *Pay-by-the-drink* pricing and services
- ▶ Strong benefits from economy of scale
- ▶ Manageable as a service
- ▶ Build once, leverage often
- ▶ Repeatable successes
- ▶ Integrated government



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HB 1516 Overview



Brian S. Rawson

Director, Service Delivery Division



Policy Recommendations

- ▶ Put the vision into action
- ▶ Contribute to the budget equation
- ▶ Address statutory structures that encourage silos
- ▶ Focus energy towards finding solutions
- ▶ Form basis for shared success



Create an effective contracting and implementation framework



Maximize the state's volume purchasing power



Establish core technology infrastructure for all agencies



Ensure the secure and effective use of the state's IT assets





Volume Purchasing: HB 1516 Overview

Policy Issues

- ▶ **The state's purchasing power is fragmented across individual agency purchases**
- ▶ **DIR negotiations against trends, not volume, cost the state money**
- ▶ **State agencies gain from the purchasing of other entities on DIR contracts**



Volume Purchasing: HB 1516 Overview

Legislative Outcomes

- ▶ **State agencies will purchase all commodity technology through DIR cooperative contracts**
- ▶ **DIR will provide a single negotiation point for all state agencies**
- ▶ **Commodity items now include commercial software, hardware, and technology services, including seat management**
- ▶ **Agencies will provide a planned procurement schedule**
- ▶ **DIR will renegotiate with vendors for the best pricing, terms, and conditions available to agencies**
- ▶ **Scope definition and collaboration process begins now**

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Commodity Purchasing



Sherri Parks
Assistant Director, Service Delivery Division



Cooperative Contracts Summary

- ▶ **DIR negotiates, manages, and administers cooperative contracts**
- ▶ **All opportunities posted on the Texas Marketplace at <http://esbd.tbpc.state.tx.us>**
- ▶ **Cooperative contracts meet all state competitive procurement requirements**
- ▶ **Monthly administrative fee paid by vendor to DIR not to exceed 2%, with an average fee of 0.75%**
- ▶ **Through GoDlRect program, customers place orders and pay vendors directly**
- ▶ **Staff augmentation contracts are not GoDlRect; orders processed and payments made by DIR**



Becoming a Cooperative Contracts Vendor

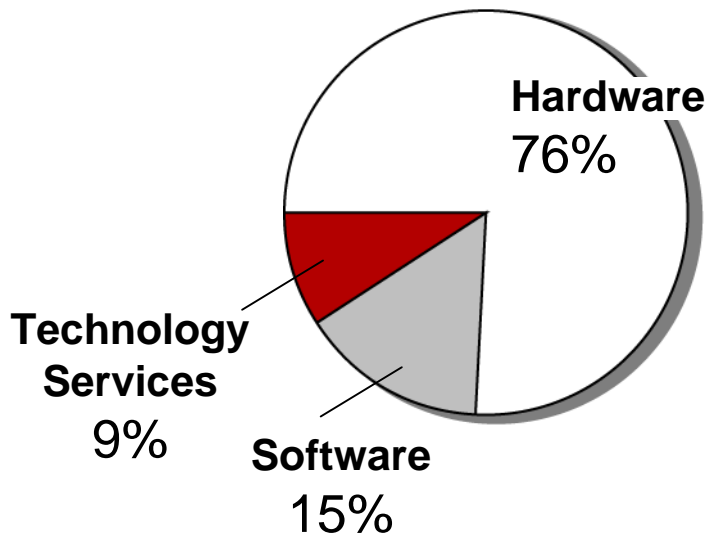
- ▶ **Must be a Catalog Information Systems Vendor (CISV) with TBPC**
- ▶ **Watch the Texas Marketplace**
- ▶ **Submit a bid response to Marketplace solicitations**
- ▶ **Meet all mandatory requirements**
- ▶ **DIR evaluates based on “best value”**
- ▶ **New product/service request form**
 - Vendor submits for products/services not currently under contract
 - DIR evaluates and may issue a solicitation
 - Evaluation based on customer demand and product, not brands
 - Any resulting solicitations posted on the Texas Marketplace



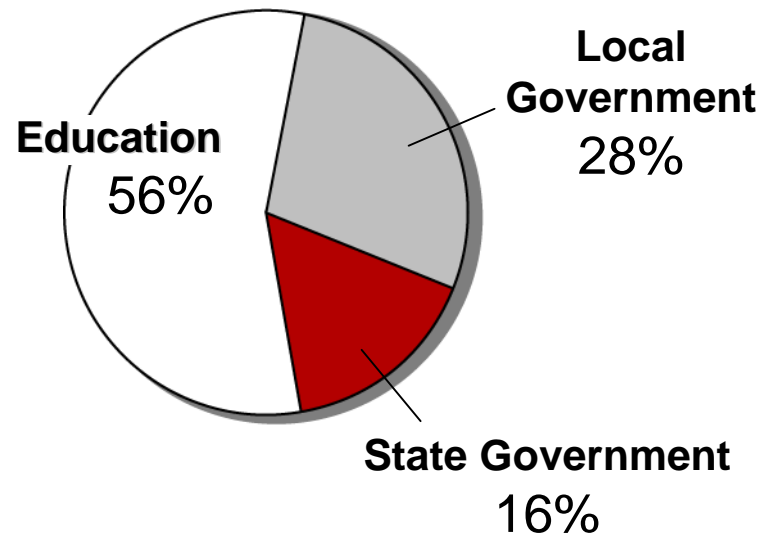
Cooperative Contracts Program Statistics

- ▶ **Today there are 295 contracts**
 - 143 cooperative contracts
 - 152 staff augmentation contracts
- ▶ **Cooperative contracts FY 2005 projected revenue: \$614M**

Product Breakdown
(Through May 31, 2005)



Customer Breakdown
(Through May 31, 2005)





HB 1516 Impact on Vendor Community

- ▶ **No change to current DIR cooperative contracts**
- ▶ **All vendors will have an opportunity to participate**
- ▶ **New opportunities will be released for competitive bid in prioritized order**
- ▶ **DIR is working with other state agencies in cases where duplicate contracts exist**
- ▶ **DIR is working with TBPC on the final disposition of the TxMAS contracts**
- ▶ **Staff augmentation process is being reassessed**
- ▶ **DIR is assessing ways to maximize opportunities and increase contract awards to HUBs and small businesses**



Interagency Workgroup

- ▶ **Formed to assist DIR with identifying issues and opportunities regarding the classification, procurement, and contracting of commodity items**
- ▶ **Subcommittees are preparing their recommendations to the Interagency Workgroup Steering Committee, including**
 - The classification of all CISV codes as IT commodity items
 - A process for agencies to request exemptions
 - New contract opportunities
 - Resolutions for existing contracting gaps
- ▶ **The Interagency Workgroup Steering Committee will make recommendations to DIR before September 1, 2005**



Future Opportunities

▶ **Standard configurations process**

- Standard configurations will be revisited in FY 2006
- Standard configurations will be determined using input from agencies and vendors
- Agencies will be required to use standard configurations in their procurement plans

▶ **Standard configurations benefits**

- Multiple vendors will be able to quantify the opportunity when preparing bids
- State agencies will save money based on actual volume purchasing

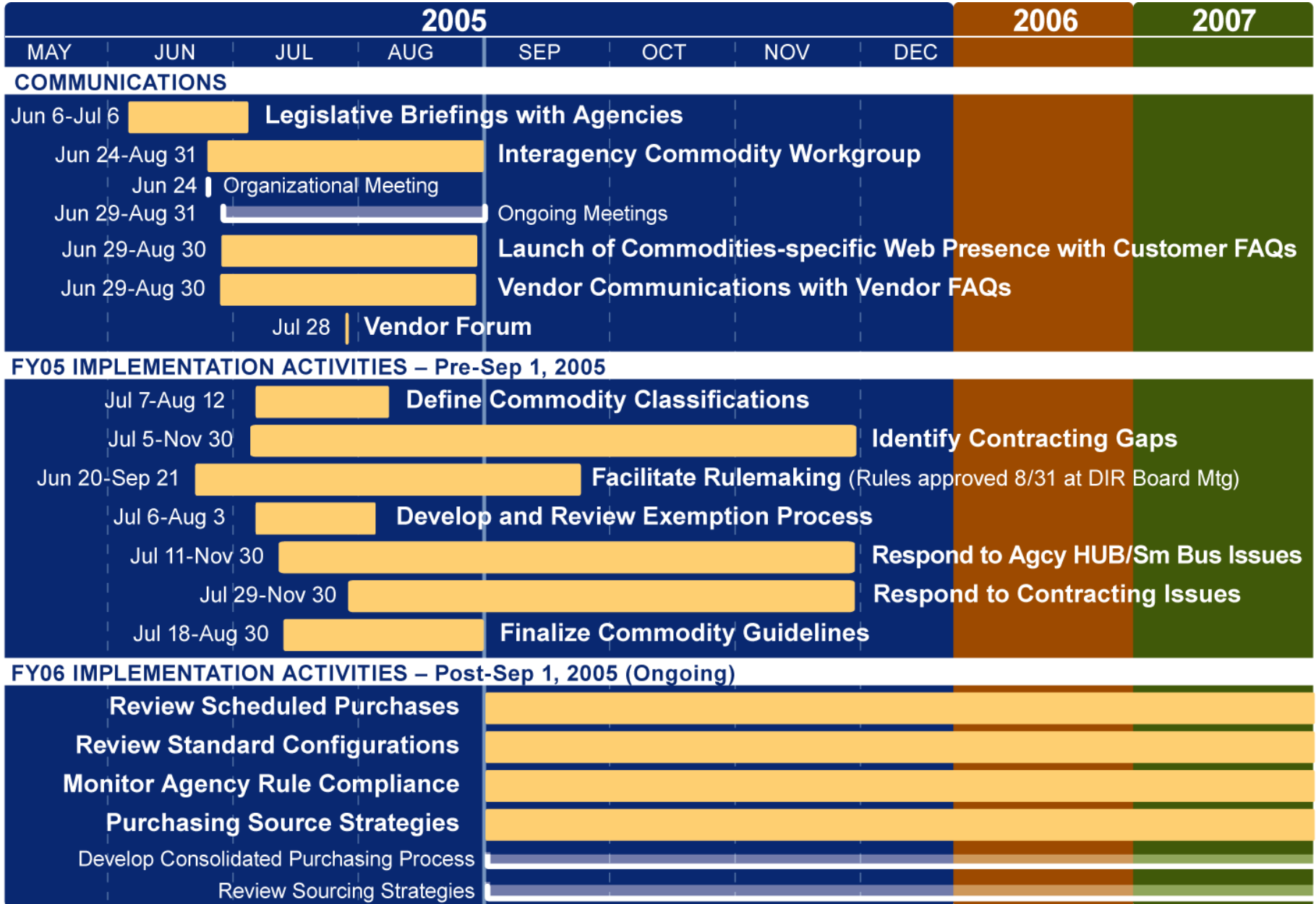


HB 1516 Benefits and Results

- ▶ **Ability to negotiate more favorable contract rates for all customers procuring through DIR contracts**
- ▶ **Ability to better plan annual IT expenditures**
- ▶ **Both vendors and state agencies will realize savings through the reduced cost of procurement**
- ▶ **Potential sales to governmental entities in other states will increase aggregate volume and reduce costs**

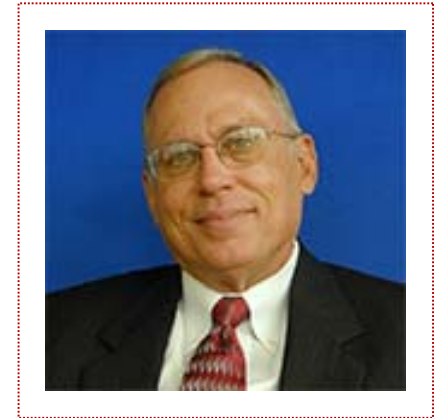


Commodities Timeline *[DRAFT]*



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Impact on HUBs and Small Business



Bill Peek

Contract Manager, Service Delivery Division



Contracting Opportunities

HB 1516, Section 1.08

In contracting for commodity items the department shall make good faith efforts to provide contracting opportunities for, and to increase contract awards to, historically underutilized businesses and persons with disabilities' products and services available under Chapter 122, Human Resources Code.



Addressing HB 1516

- ▶ **Meeting with committees made up of state agency representatives to determine...**
 - Who meets the definition of a small business as defined under Texas Government Code 2006.001
 - What products and services are being purchased through small businesses

- ▶ **Meeting with TBPC to identify...**
 - What products and services are being purchased through approved CISV HUBs
 - Dollars being spent with approved CISV HUBs



What We Know

- ▶ **There are more than 2,600 approved CISV vendors, more than 600 of which are HUBs**
- ▶ **In the first six months of FY 2005 (Sep. 2004 through Feb. 2005) \$81.7M was paid to HUBs under the tracked accounting object codes for agency HUB credit**
- ▶ **In the same period, another \$50M was paid to HUBs in non-tracked accounting object codes**



What We Need to Learn

- ▶ **Who and where are the small businesses?**
- ▶ **What products and services are being purchased through small businesses?**
- ▶ **What dollars are being spent with small businesses?**



Our Goal

While we don't have all the solutions, our commitment is to maximize the opportunities for all qualified businesses, big and small, to compete for DIR contracts.

Question & Answer Session



Brian Rawson

Director
Service Delivery

MODERATOR



Larry Olson

CTO
State of Texas



Sherri Parks

Assistant Director
Service Delivery



Bill Peek

Contract Manager
Service Delivery

- ▶ Editor's Note: Event Q&As have been integrated into the FAQs posted at www.dir.state.tx.us/commodities/faq.htm.

Additional Information

- ▶ **To learn more about today's topic, please visit the DIR website at www.dir.state.tx.us/commodities/**
 - Additional FAQs will be posted on the DIR website
 - General information on the Commodity Items Interagency Workgroup can be found on the DIR website

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