Aggregate Purchasing Initiative
Office of General Services
Procurement Services Group

NYSFIRM
Procurement Subcommittee
IT Contracting Symposium
February 27, 2006
Nurses Association
OGS’s Role

• **OGS PSG establishes Statewide Centralized Contracts Commodities & Services (Technology & Non-Tech)** for

• **Authorized Users** (authorization based in various laws) state agencies and municipal government entities

In a world of

• **IT contracting that is continually changing**
  - Agency requirements
  - NYS install base
  - Technology evolution

• Planned Agency IT resource requirements known in advance to assure adequate contract provisions
What has State experienced?

• Rapid evolution and exploitation of technology
• Centralized statewide contracting / decentralized agency purchasing
• Agency diversity, autonomy and independence
• Many apparent similarities and synergies, fewer standards and guidelines
• Extremely large aggregate volumes with comparatively small agency volumes
• Timeliness of critical information and limited statutory, administrative or operational authority to address deficiencies
What else do we know?

- Statewide contracts don’t guarantee quantities; more for convenience than bulk savings

- Best price for one item, any place, any time

- Aggregate buys with set quantities and timeframes will greatly reduce costs

- We have seen and are expecting - Savings of 25%

- NYC and other locals interested

- Other states are doing - Strategic Sourcing
What has been done to address this?

• CIO Fiscal Procurement Committee strategic goal to develop governance process to address need for annual technology planning process (impetus for ATP)
• September 2004, DOB Bulletin B1170 cost containment and savings proposals
• OGS FY 05/06 budget proposal to establish an Aggregated IT Purchasing Program
• February 2005, DOB Policy H-300A establishing the Technology and Information Resource Management Planning Process
• March 2005, OGS PSG completed initial planning and staffing of Aggregated IT Purchasing Team and subsequently participates in the first annual ATP Review Process
Synergy in the ATP Process

- Program Staff
- CIOs
- Fiscal Officers
- OGS
- OCIO/OFT
- DOB
What comes out of the ATP Process?

- Proposed agency purchases of predefined IT products (HW, SW, Services)
- Anticipated purchase timeframes (FY qtr)
- Synergies across agencies for similar HW, SW and/or IT Services
- Fundamental understanding of agency IT projects and potential IT acquisition needs
OGS’s Role in ATP Process

• Ongoing interaction with OCIO/OFT/DOB
  Review consolidated ATP information
  Receive information from OFT about what they are seeing in ITPs
  ID Opportunities to aggregate purchasing power

• Identify opportunities for savings, collaboration, and further leveraging of investments

• Coordinate with OCIO/OFT on aggregate-buy initiatives

• Work with OCIO Technical Committee to assist with technical expertise & specifications

• Negotiate with vendors
OGS Role Continued

• Evaluate potential savings based upon volume and anticipated cost

• Identify/confirm contract availability

• Develop aggregate IT purchasing recommendation for IT HW, SW, services that provide greatest cost savings via aggregated purchase or enterprise licensing agreement

• Initiate aggregated IT purchasing plan
Potential Areas Identified from ATP’s and other Sources

Hardware:
- PCs (thin client, desktop, laptop)
- Printers
- Servers
- Storage
- Tablets, PDAs

Software:
- Oracle (Renegotiate expiring contract – ELA)
- Antivirus (Symantec and McAfee)
- Human services software (ELA)
- IT development and testing software

Information Advisory (ELA):
- Gartner & Meta (Renegotiate Expiring Contract)
- Lexis/Nexus (Renegotiate Expiring Contract)
Specific Aggregate Initiatives to Date

1st PC

- 4 PC Configurations – Est. 10,000 Units
  - Business Class PC
  - Workstation Class PC
  - Business Class Laptop
  - Lightweight Laptop

- 90 day purchase period
- 23,250 units actually purchased
  - State = 7,250  NYC = 13,450  Local = 2,550
- Average price per PC = $881
- Average discount from contract price ($1506 average)
  - was 41.5% representing $625 per unit
- Total savings exceeded $15 million
July 2005 PC

• 5 PC Configurations – Est. 27,200 units
  • Business Class PC 21,000
  • Workstation Class PC 1,000
  • Business Class Laptop 1,000
  • Lightweight Laptop 2,000
  • Thin Client 2,000
  • LCD Monitor Only (no PC unit) est. 8,000

• 6 months – August 15, 2005 - January 15, 2006
• Average discount from contract price for Business Class PC @ $690 is $580 per unit or 45.7%
• Contract price = $33.6M    Purchase Initiative = $19M
• Total Savings (from contract price) $14.6 million (final reports being analyzed)
January 2006 PC

- 5 PC Configurations – Est. 37,350 units
  - Business Class 28,800
  - Workstation Class PC 950
  - Business Class Laptop 3,500
  - Lightweight Laptop 1,500
  - Thin Client 2,600
  - LCD Monitor Only (no PC unit) est. 18,300

- 14 months – Feb 1, 2006 - March 31, 2007 (2 state budget cycles)
- Average discount from contract price for Business Class PC @ $670 is $635 per unit or 48%
- Estimated Total Savings (from contract price) $25 million for all configurations
January 2006 Printers

- Printers – Est. 7,000 units in 6 categories
- 13 months - 2/22/06 - 3/31/07 (two state fiscal years)
- Minimum 15% discount from existing NYS Contract Price
- Estimated Total Savings (from contract price) approximately $1 million (+ or - depending on printers purchased)
Aggregate Buy WebPages

Main Page:
http://www.ogs.state.ny.us/purchase/ITAggPurchaseMenu.htm

PCs
http://www.ogs.state.ny.us/purchase/012006PCPurchase.htm

Printers
http://www.ogs.state.ny.us/purchase/012006PrinterInitiative.htm
Aggregate Buy Team Contact Information

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How is it working?

The ATP Process and Subsequent Aggregate Initiatives are working

• Savings have/are being realized

• Aggregated IT Purchase Program has received 2 awards:
  • NASPO Cronin Club 2005 Innovation
  • NYSFIRM Best Practices Award

• Other States have expressed interest

• Collaboration and cooperation continues

• The Process will continue to evolve & improve
What is next?

• Still learning – feedback & dialogue encouraged/needed
  • Refinement of process will occur

• Continued use of collaborative process to ID more IT areas
  • Which areas make sense:
    • “bang for buck”
    • technologically and administratively feasible

• Expansion to non-technology areas
  Energy, Office Supplies, other areas?

• Will this turn into traditional Strategic Sourcing?

• What tools are available to enhance our efforts?