



TEXAS DEPARTMENT OF INFORMATION RESOURCES

Transforming How Texas Government Serves Texans

Supplemental Coordinated Bulk IT Purchase Report

Cost Savings Achieved for State Agencies and other
Eligible DIR Cooperative Contracts Program Customers

Texas Department of Information Resources
December 1, 2022

Executive Summary

Senate Bill 1 (87R), Article IX, Rider 9.04 (d) of the General Appropriations Act requires the Texas Department of Information Resources (DIR) to submit a report to the Legislative Budget Board (LBB) on the cost savings realized through coordinated bulk purchasing efforts, including the participating agencies and the information technology purchased.

In the 87th Legislative Session, the Texas Legislature changed the due date of this report from October 1 to December 1, enabling DIR to include information for two full fiscal years, rather than data from 24 months spread across three fiscal years, as contained in prior reports.

DIR is submitting this supplemental report for August 2020 bulk purchases that had not yet been calculated when Fiscal Year 2020-2021 report was due on the October 1, 2020.

DIR leverages the state's purchasing power to negotiate competitive discounts on information and communications technology products and services. Used by state and local government, public and private education at all levels, and other public entities both inside and outside Texas, DIR's streamlined cooperative purchasing program allows customer agencies to purchase through pre-negotiated contracts that meet state procurement requirements. Every dollar participants save on the purchase of goods and services through this program can be redirected to mission-critical services. Agencies' use of the cooperative purchasing program reduces the risks and effort associated with running their own open market procurement. Further, for the vendor community, the program alleviates the burden of having to respond to multiple open market solicitations from public entities for the same products or services.

The program's "best value pricing," which offers customer agencies a combination of discounted pricing, convenience, expedited processing, a wide range of options across multiple vendors and resellers, and opportunities to purchase from identified Historically Underutilized Businesses (HUBs). When agencies come together to buy a large quantity of like items during a designated timeframe, these benefits can be enhanced.

Savings

Vendors in DIR's Cooperative Contract Program are contractually required to report sales data to DIR via monthly vendor sales reports (VSR). DIR uses the data that vendors report to calculate savings by comparing the price paid under bulk purchase agreements to the price offered under the respective cooperative contract(s) for those products and services. DIR relies on state agencies to provide bulk purchase orders (POs) a to verify and check vendor's VSR reports for compliance.

Total Purchases and Resulting Savings for August 2020

Customer Segment			
	Number Participating	Purchases	Savings
Local Government	2	\$94,701	\$108,177
State Agency	9	\$1,483,577	\$1,317,632
Total	11	\$1,578,278	\$1,425,809

Agencies Participating in the Bulk Purchase Program

- Texas Board of Nursing
- Texas Department of Agriculture
- Texas Department of Banking
- Texas Department of Information Resources
- Texas Department of Motor Vehicles
- Texas Department of Transportation
- Texas State Board of Pharmacy
- Texas Water Development Board
- Texas Workforce Commission

Total Agency Savings for August 2020

Agency	Hardware Savings	MFD/MPS/ECM Savings	Total Savings
Texas Board of Nursing	\$19,819	\$0	\$19,819
Texas Department of Agriculture	\$114,749	\$0	\$114,749
Texas Department of Banking	\$97,980	\$0	\$97,980
Texas Department of Information Resources	\$19,414	\$0	\$19,414
Texas Department of Motor Vehicles	\$100,419	\$0	\$100,419
Texas Board of Pharmacy	\$52,409	\$0	\$52,409
Texas Water Development Board	\$23,260	\$0	\$23,260
Texas Workforce Commission	\$590,302	\$0	\$590,302
Texas Department of Transportation	\$0	\$299,280	\$299,280
Grand Total	\$1,018,352	\$299,280	\$ 1,317,632

Multi-function Device/Managed Print Services/Enterprise Content Management Savings

Sales reported under the Multi-function Devices, Managed Print Services, and Enterprise Content Management Bulk Purchase Agreement are ongoing as of the date of this report.

Agency Name	Purchases	Total Bulk Savings
Texas Department of Transportation	\$299,280	\$299,280

Grand Total	\$22,507	\$299,280
--------------------	-----------------	------------------

Local Government Entity Savings

Local Entity	Hardware Savings	Total Savings
Blue Bonnet Trails Community Service	\$77,755	\$77,755
Collin County Mental Health Center	\$30,422	\$30,422
Grand Total	\$108,177	\$108,177

Accomplishments

The bulk purchase initiative enables DIR to leverage volume demand from multiple customers and negotiate lower prices on IT products and services for both state and local entities. Discounted pricing allows DIR customers to purchase higher volumes and add enhancements that better meet business needs. This initiative also streamlines the procurement process for both customers, particularly state agencies, and vendors.

Considerations

During the bulk purchase initiatives, DIR worked with vendors to understand supply chain challenges and ensure inventory was available. Aligning customer needs with vendor inventories allowed many customers to take advantage of significantly reduced pricing. Software vendors interested in promoting new license models and rolling-out newer versions offered those items at greater discounts and added older, yet still supported, versions for agency convenience. The value of the initiative grows as customers seek more variety in offerings.

Conclusion

The bulk purchase initiative demonstrated the benefit of negotiating a technology standard and volume as a method to achieve significant price savings for hardware and software. DIR’s technology contracting experience provided a single point of contact for consolidated, informed, and efficient negotiations. At the same time, vendors also worked with DIR as a single point of contact in contrast to negotiating contracts with each individual agency. For both hardware and software, a menu-style approach for

enhancements also gave agencies options and ensured that they could meet necessary technical requirements while still benefitting from the reduced pricing.

Contact

For questions about this report, contact:

Hershel Becker

Chief Procurement Officer

Texas Department of Information Resources hershel.becker@dir.texas.gov

(512) 475-4617