

State of Oklahoma

Office of Management and Enterprise Services



Procurement Savings Report

For the period July 1, 2011 through June 30, 2012



State of Oklahoma
Office of Management and Enterprise Services

May 2, 2013

To the Honorable Mary Fallin, Governor,
The Honorable Brian Bingman, President Pro Tempore of the Oklahoma Senate,
The Honorable T.W. Shannon, Speaker of the Oklahoma House of Representatives,
and the citizens of the State of Oklahoma:

The Office of Management and Enterprise Services is pleased to present the FY 2012 Procurement Savings Report for the State of Oklahoma. Once again, taxpayers are benefiting from state purchasing improvements that have allowed agencies to spend less for necessary supplies and services.

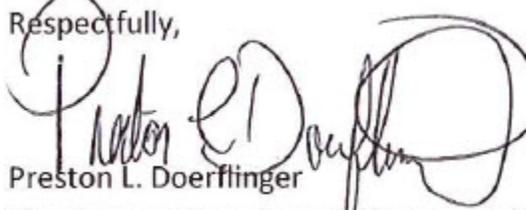
In FY 12, the OMES Central Purchasing Department helped political subdivisions, state agencies and higher education institutions reduce managed procurement contract spending by \$17 million, an 11 percent reduction from FY 11. In addition, the OMES Information Services Division helped state agencies achieve procurement contract cost avoidance of \$18.7 million, an 18.6 percent reduction from FY 11.

OMES was able to help produce these savings by successfully implementing into practice various strategic purchasing reforms developed by the Legislature in recent years. We take tremendous pride in reporting that good government can and does occur, starting right here in Oklahoma. The state's purchasing reforms are working.

The attached report provides high-level detail on the cost reductions generated through Central Purchasing-managed procurement contracts in FY 12, as well as cost avoidance generated through ISD-managed procurement contracts in FY 12.

As always, OMES is happy to answer any additional questions you may have on this matter or any other.

Respectfully,


Preston L. Doerflinger
Director and Secretary of Finance and Revenue


Scott Schlotthauer
State Purchasing Director



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Central Purchasing Division



Central Purchasing Division Executive Summary

Through Central Purchasing managed contracts, the State of Oklahoma realized savings in excess of \$17 million for fiscal year 2012. The spending and savings are summarized below:

	Spending	Savings	Percent Savings
Total	\$ 151,441,228.29	\$ 17,322,265.36	11.44%
Political Sub-Divisions	\$ 45,396,504.79	\$ 7,976,131.22	17.57%
Higher Education	\$ 38,343,902.57	\$ 937,498.56	2.44%
State of Oklahoma	\$ 67,700,820.93	\$ 8,408,635.58	12.42%



Central Purchasing Division Executive Summary

Notes regarding Cost Savings Calculations

- ▶ Simplified cost savings and cost avoidance formulas were used to calculate savings percentage
 - $(\text{Historical Price} - \text{New Price}) / (\text{Historical Price})$
 - $(\text{Average of Responsive Bids} - \text{Awarded Bid}) / (\text{Average of Responsive Bids})$

- ▶ Savings calculations are conservative and represent only savings which can be easily quantified.



Central Purchasing Division Executive Summary

- ▶ Several issues led Central Purchasing to take a very conservative approach to calculating savings. Those issues include:
 - Incomplete usage data as reported by vendors for each contract
 - Multiple discount percentages across a specific contract in which Central Purchasing would have taken the discount with the least percentage off of list prices
 - Unavailable historical prices or inaccessible responsive, non-awarded prices

Cost Savings by Contract



Summary: Minnesota Multistate Contracting Alliance for Pharmacy (23A)

Contracting Officer: Laura Bybee

- ▶ Background:
 - MN-led contract (MMCAP)
 - OK is participating along with 47 other states
 - 1.8 billion dollar spend with over 21,000 items used by Oklahoma

- ▶ Savings percentage approximately 1%
- ▶ Best practices used:
 - Commodity Council
 - RFP development with MN



Summary: Minnesota Multistate Contracting Alliance for Pharmacy (23A)

I. Overall

Category	Current Spending	Savings
State of Oklahoma	\$ 7,349,416.40	\$ 71,142.35
Higher Education	\$ 34,298,657.74	\$ 332,011.01
Political Sub-Divisions	\$ 688,763.09	\$ 6,667.23
Total	\$ 42,336,837.23	\$ 409,820.59

II. State Agencies

Agency	Current Spending	Savings
Dept. of Mental Health	\$ 4,754,209.63	\$ 46,020.75
Dept. of Health	\$ 1,629,875.76	\$ 15,777.20
Dept. of Human Services	\$ 958,212.69	\$ 9,275.50
Office of Juvenile Affairs	\$ 5,335.53	\$ 51.65
Dept. of Rehabilitation Services	\$ 1,782.78	\$ 17.26



Summary: Tires, Tubes and Tire Accessories (24)

Contracting Officer: Theresa Johnson

- ▶ Background:
 - Comprehensive, strategically sourced project
- ▶ Savings percentage 21%
- ▶ Best Practices used:
 - Spend data from various sources
 - GSA
 - Direct negotiation with manufacturers



Summary: Tires, Tubes and Tire Accessories (24)

I. Overall

Category	Current Spending	Savings
State of Oklahoma	\$1,819,375.23	\$ 382,068.80
Higher Education	\$ 158,492.88	\$ 33,283.50
Political Sub-Divisions	\$6,305,593.20	\$1,324,174.57
Total	\$ 8,283,461.31	\$1,739,526.87

II. State Agencies

Agency	Current Spending	Savings
Dept. of Public Safety	\$ 850,747.35	\$ 178,656.94
Dept. of Transportation	\$ 708,213.60	\$ 148,724.86
Dept. of Central Services	\$ 61,608.37	\$ 12,937.76
Wildlife Conservation	\$ 34,784.10	\$ 7,304.66
Other State Agencies	\$ 164,021.81	\$ 34,444.58



Summary: Light Bulbs and Ballasts (25)

Contracting Officer: Lisa Bradley

- ▶ Background:
 - First statewide light bulb contract with tiered pricing
 - Added ballast products to contract
- ▶ Savings percentage 30.8%
- ▶ Best practices used:
 - Contract was made mandatory to drive spend
 - Pricing transparency
 - Used the Performance Information Procurement System (PIPS) methodology
 - Detailed vendor reports with performance data



Summary: Light Bulbs and Ballasts (25)

I. Overall

Category	Current Spending	Savings
State of Oklahoma	\$ 389,162.25	\$ 119,861.97
Higher Education	\$ 47,625.22	\$ 14,668.57
Political Sub-Divisions	\$ 107,523.02	\$ 33,117.09
Total	\$ 544,310.49	\$ 167,647.63

II. State Agencies

Agency	Current Spending	Savings
Dept. of Corrections	\$ 162,013.81	\$ 49,900.25
Dept. of Human Services	\$ 38,814.62	\$ 11,954.90
Military Department	\$ 32,639.94	\$ 10,053.10
Dept. of Veterans Affairs	\$ 27,296.88	\$ 8,407.44
Other State Agencies	\$ 128,397.00	\$ 39,546.28



Summary: Vehicle Contract (35)

Contracting Officer: Laura Bybee

- ▶ Background:
 - Comprehensive, strategically sourced project
 - Research-driven, analytical approach to sourcing
- ▶ Savings percentage 5%
- ▶ Best practices used:
 - Pricing transparency
 - Commodity Council
 - Target pricing utilized



Summary: Vehicle Contract (35)

I. Overall

Category	Current Spending	Savings
State of Oklahoma	\$ 16,504,120.71	\$ 825,206.04
Higher Education	\$ 2,091,862.31	\$ 104,593.12
Political Sub-Divisions	\$ 12,968,202.22	\$ 648,410.11
Total	\$ 31,564,185.24	\$ 1,578,209.27

II. State Agencies

Agency	Current Spending	Savings
Dept. of Transportation	\$ 6,314,545.48	\$ 315,727.27
Dept. of Public Safety	\$ 3,911,651.95	\$ 195,582.60
Dept. of Human Services	\$ 1,220,113.02	\$ 61,005.65
Turnpike Authority	\$ 1,165,456.37	\$ 58,272.82
Other State Agencies	\$ 3,892,353.89	\$ 194,617.70



Summary: Asphalt (81)

Contracting Officer: Laura Bybee

- ▶ Background:
 - Multi-year contract
 - Commodity driven prices with periodic price fluctuation

- ▶ Savings percentage >24%
- ▶ Best practices used:
 - Increased competition
 - Pricing tied to an index



Summary: Asphalt (81)

I. Overall

Category	Current Spending	Savings
State of Oklahoma	\$ 10,092,338.04	\$ 2,522,983.59
Higher Education	\$ 0.00	\$ 0.00
Political Sub-Divisions	\$ 5,555,772.96	\$ 1,388,887.68
Total	\$ 15,648,111.00	\$ 3,911,871.27

II. State Agencies

Agency	Current Spending	Savings
Dept. of Transportation	\$ 9,951,776.04	\$ 2,487,844.49
Dept. of Corrections	\$ 140,562.00	\$ 35,139.09



Summary: Hazardous Waste Pick-ups and Disposal for Routinely Generated Waste (92B) *Contracting Officer: Lisa Bradley*

- ▶ Background:
 - SW092B was separated from SW092A and created to get the best pricing for the state by unbundling offerings
- ▶ Savings percentage general 31.25%
- ▶ Savings percentage DOC Project 89%
 - Waste sludge paid \$0.11 /gal standard state rate \$1.00/gal
- ▶ Best practices used:
 - Used the Performance Information Procurement System (PIPS) methodology
 - Pricing modified to be fully-loaded for operator needed equipment
 - Fuel surcharges modified, tied to index



Summary: Hazardous Waste Pick-ups and Disposal for Routinely Generated Waste (92B)

I. Overall

Category	Current Spending	Savings
State of Oklahoma	\$ 191,826.95	\$ 59,945.92
Higher Education	\$ 32,140.60	\$ 10,043.94
Political Sub-Divisions	\$ 13,203.80	\$ 4,126.19
Total	\$ 237,171.35	\$ 74,116.05

II. State Agencies

Agency	Current Spending	Savings
Bureau of Narcotics	\$ 108,431.15	\$ 33,884.73
Military Department	\$ 30,960.40	\$ 9,675.13
Dept. of Transportation	\$ 26,656.50	\$ 8,330.16
Career & Technology Ed.	\$ 7,824.65	\$ 2,445.20
Other State Agencies	\$ 17,954.25	\$ 5,610.70



Summary: Dump Beds (106A)

Contracting Officer: Joyce Leivas

- ▶ Background:
 - Contract was split from Utility Beds (106B)
 - Commodity Council was formed to determine requirements
 - Focus was given to right-sizing and providing detailed specifications

- ▶ Savings percentage 7.94%
- ▶ Best practices used:
 - Right-sized
 - RFP Improvements for clarity
 - Commodity Council



Summary: Dump Beds (106A)

I. Overall

Category	Current Spending	Savings
State of Oklahoma	\$ 1,721,480.26	\$ 136,685.53
Higher Education	\$ 0.00	\$ 0.00
Political Sub-Divisions	\$ 593,859.00	\$ 47,152.40
Total	\$ 2,315,339.26	\$ 183,837.93

II. State Agencies

Agency	Current Spending	Savings
Dept. of Transportation	\$ 1,676,448.26	\$ 133,109.99
Turnpike Authority	\$ 45,032.00	\$ 3,575.54



Summary: Prime Vendor Food (156)

Contracting Officer: Theresa Johnson

- ▶ Background:
 - Comprehensive, strategically sourced project
- ▶ Savings percentage 9.5%
- ▶ Best practices used:
 - Commodity Council
 - Benchmarking
 - Baseline formulation
 - Spend data from various sources
 - Target pricing
 - Several rounds of negotiation



Summary: Prime Vendor Food (156)

I. Overall

Category	Current Spending	Savings
State of Oklahoma	\$ 16,905,703.80	\$ 1,606,041.86
Higher Education	\$ 33,636.53	\$ 3,195.47
Political Sub-Divisions	\$ 3,544,996.86	\$ 336,774.70
Total	\$ 20,484,337.19	\$ 1,946,012.03

II. State Agencies

Agency	Current Spending	Savings
Dept. of Corrections	\$ 13,498,673.23	\$ 1,282,373.96
Dept. of Human Services	\$ 1,115,358.21	\$ 105,959.03
Dept. of Tourism & Recreation	\$ 844,640.53	\$ 80,240.85
Other State Agencies	\$ 1,447,031.83	\$ 137,468.02



Summary: Farm /Landscape Equipment (190)

Contracting Officer: Joyce Leivas

- ▶ Background:
 - Comprehensive, strategically sourced project
- ▶ Savings percentage > 28%
- ▶ Best practices used:
 - Spend data from various sources
 - GSA



Summary: Farm /Landscape Equipment (190)

I. Overall

Category	Current Spending	Savings
State of Oklahoma	\$ 3,644,424.27	\$ 1,054,331.94
Higher Education	\$ 1,319,914.78	\$ 381,851.35
Political Sub-Divisions	\$ 12,984,437.57	\$ 3,756,397.79
Total	\$ 17,948,776.62	\$ 5,192,581.08

II. State Agencies

Agency	Current Spending	Savings
Dept. of Transportation	\$ 2,040,268.13	\$ 590,249.57
Dept. of Tourism & Recreation	\$ 614,275.54	\$ 175,107.66
Wildlife Conservation	\$ 373,697.73	\$ 108,110.75
Other State Agencies	\$ 625,177.87	\$ 180,863.96



Summary: Slabjacking & Subsealing (721)

Contracting Officer: Joyce Leivas

- ▶ Background:
 - New bid / multi-year contract
 - Commodity driven prices with periodic price fluctuation
- ▶ Savings percentage 30.21%
- ▶ Best Practices used:
 - Increased competition



Summary: Slabjacking & Subsealing (721)

I. Overall

Category	Current Spending	Savings
State of Oklahoma	\$ 648,010.50	\$ 195,763.97
Higher Education	\$ 0.00	\$ 0.00
Political Sub-Divisions	\$ 63,047.00	\$ 19,046.50
Total	\$ 711,057.50	\$ 214,810.47

II. State Agencies

Agency	Current Spending	Savings
Dept. of Transportation	\$ 506,974.25	\$ 153,156.92
Turnpike Authority	\$ 45,032.00	\$ 42,607.05



Summary: Bread and Bakery Products (765)

Contracting Officer: Theresa Johnson

- ▶ Background:
 - Multi-year, statewide contract which was previously bid as an annual open market contract
- ▶ Savings percentage 10.08%
- ▶ Best Practices used:
 - Commodity Council
 - Expanded contract period to protect against price fluctuations
 - Streamlined the solicitation process, affording vendors the opportunity to respond electronically



Summary: Bread and Bakery Products (765)

I. Overall

Category	Current Spending	Savings
State of Oklahoma	\$ 611,005.12	\$ 61,589.32
Higher Education	\$ 0.00	\$ 0.00
Political Sub-Divisions	\$ 0.00	\$ 0.00
Total	\$ 611,005.12	\$ 61,589.32

II. State Agencies

Agency	Current Spending	Savings
Dept. of Corrections	\$ 471,081.81	\$ 47,485.05
Dept. of Veterans Affairs	\$ 68,996.17	\$ 6,954.81
Dept. of Mental Health	\$ 34,025.76	\$ 3,429.80
Dept. of Juvenile Affairs	\$ 14,139.75	\$ 1,425.29
Other State Agencies	\$ 22,761.63	\$ 2,294.37



Summary: AVL System Management (799)

Contracting Officer: Laura Bybee

- ▶ Background:
 - New statewide contract
 - Purpose was to allow Fleet Management to monitor and better utilize fleet vehicles

- ▶ Savings percentage 39.77%
- ▶ Best Practices used:
 - Commodity Council
 - Benchmarking
 - Right-sized, right-spec'd



Summary: AVL System Management (799)

I. Overall

Category	Current Spending	Savings
State of Oklahoma	\$ 509,806.95	\$ 202,750.22
Higher Education	\$ 0.00	\$ 0.00
Political Sub-Divisions	\$ 0.00	\$ 0.00
Total	\$ 509,806.95	\$202,750.22

II. State Agencies

Agency	Current Spending	Savings
Dept. of Central Services	\$ 509,806.95	\$ 202,750.22



Summary: Maintenance, Repair, and Operations (817) *Contracting Officer: Lisa Bradley*

- ▶ Background:
 - Comprehensive, strategically sourced project
- ▶ Savings percentage 16%
- ▶ Best Practices used:
 - Benchmarking
 - Right sized, right-spec'd
 - Target pricing
 - Increased competition
 - Negotiation (3 rounds)



Summary: Maintenance, Repair, and Operations (817)

I. Overall

Category	Current Spending	Savings
State of Oklahoma	\$ 7,314,055.34	\$ 1,170,248.85
Higher Education	\$ 361,572.50	\$ 57,851.60
Political Sub-Divisions	\$ 2,571,106.07	\$ 411,376.97
Total	\$ 10,246,733.91	\$ 1,639,477.42

II. State Agencies

Agency	Current Spending	Savings
Dept. of Corrections	\$ 2,387,640.54	\$ 382,022.49
Dept. of Transportation	\$ 917,319.27	\$ 146,771.08
Military Department	\$ 626,582.40	\$ 100,253.18
Dept. of Tourism	\$ 591,834.76	\$ 94,693.56
Other State Agencies	\$ 2,790,678.37	\$ 446,508.54

Savings Detail by Agency



Savings Detail by Agency

Agency Code	Agency	Current Spend (\$)	Savings (\$)
02500	Military Department	1,075,504.39	188,661.04
03900	Boll Weevil Eradication	2,941.42	605.46
04000	Department of Agriculture	799,741.57	58,679.28
04700	Indigent Defense System	7,635.34	1,221.65
06000	Aeronautics Commission	7,871.17	1,263.22
06500	Banking Department	46,282.77	1,755.42
09000	Office of State Finance	17,888.37	2,987.94
12500	Department of Mines	23,115.11	1,155.76
13100	Department of Corrections	17,589,500.95	1,884,808.15
16000	Department of Commerce	14,890.98	2,460.87
18500	Corporation Commission	28,147.26	5,421.49
20400	J.M. Davis Memorial Commission	4,224.29	1,301.08
22000	District Attorneys Council	2,522.65	403.62
26500	Department of Education	8.69	1.39
26600	Educational Television Authority	4,911.99	981.60
27000	Election Board	3,337.76	534.04
29000	Employment Security Commission	2,286.64	365.86



Savings Detail by Agency

Agency Code	Agency	Current Spend (\$)	Savings (\$)
29200	Department of Environmental Quality	54,074.44	11,504.59
30000	State Auditor and Inspector	181,384.81	9,069.24
30800	State Bureau of Investigation	4,964.70	859.16
30900	Civil Emergency Management	5,088.01	600.00
31000	Fire Marshal Commission	41.76	6.68
32000	Department of Wildlife Conservation	869,044.46	149,028.09
32500	Geological Survey	987.45	157.99
34000	Department of Health	1,172,075.69	44,853.81
34200	Board of Medicolegal Investigations	830.00	259.38
34500	Department of Transportation	22,156,777.05	3,988,403.60
34600	Space Industry Development Authority	7,878.11	2,049.90
35000	Historical Society	108,577.92	25,191.61
39000	CompSource	6,148.56	1,527.51
40000	Office of Juvenile Affairs	566,204.77	58,355.13
40500	Department of Labor	91,005.92	4,611.98
41000	Commissioners of the Land	1,735.06	277.61
41500	Council on Law Enforcement Education & Training	32,810.86	6,490.08



Savings Detail by Agency

Agency Code	Agency	Current Spend (\$)	Savings (\$)
42100	State Senate	138.72	22.20
42200	House of Representatives	31.32	5.01
43000	Department of Libraries	3,825.82	612.13
45200	Department of Mental Health & Substance Abuse	5,843,763.83	159,944.41
47700	Bureau of Narcotics & Dangerous Drugs	281,153.92	42,818.89
56600	Tourism & Recreation Department	2,075,280.62	358,423.47
56800	Scenic Rivers Commission	969.10	155.06
58000	Department of Central Services	1,567,746.26	299,274.73
58500	Department of Public Safety	4,846,018.17	387,994.86
60500	Regents for Higher Education	11,427.97	1,828.48
62500	Secretary of State	296.53	47.44
62900	School of Science & Math	2,136.54	527.54
64500	Conservation Commission	783.56	125.37
65000	Department of Veterans Affairs	334,721.24	53,995.83
67000	J.D. McCarty Center	64,802.77	13,192.06
67700	Supreme Court	1,168.93	190.50
69500	Tax Commission	6,907.69	1,249.28



Savings Detail by Agency

Agency Code	Agency	Current Spend (\$)	Savings (\$)
80000	Career & Technology Education	432,118.59	72,023.39
80500	Department of Rehabilitation Services	279,589.82	29,085.45
80700	Health Care Authority	456.29	73.01
83000	Department of Human Services	4,561,379.19	283,670.45
83500	Water Resources Board	2,630.51	420.88
92200	Housing Finance Agency	46,967.83	2,431.89
97800	Turnpike Authority	1,448,171.66	128,521.13
98000	Grand River Dam Authority	997,893.13	116,147.87
99999	Political Sub-Divisions	45,396,504.79	7,976,131.23
HE001	Higher Education	38,343,902.56	937,498.56
Grand Total		151,441,228.29	17,322,265.36

Central Purchasing Agency Savings



Central Purchasing Agency Savings

Bureau of Narcotics & Dangerous Drugs (47700)			
Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
Sports World	31,468.50	3,776.22	10.71% Competitive bid (Average minus Awarded bid)

Council on Law Enforcement Education & Training-CLEET (41500)			
Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
G4S Secure Solutions	39,727.20	7,437.20	16% Competitive bid (Average minus Awarded bid)

Department of Central Services (58000)			
Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
May Avenue Ford	89,415.00	12,892.50	12.60% Competitive bid (Average minus Awarded bid)



Central Purchasing Agency Savings

Department of Corrections (13100)			
Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
Multiple Vendors	545,134.90	852,957.88	61.01% Competitive bid for kitchen equipment (Average minus Awarded bid)
Multiple Vendors	841,246.93	125,049.81	12.94% Competitive bid for laundry equipment (Average minus Awarded bid)

Department of Education (26500)			
Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
The College Board	64,000.00	8,097.96	11.23% Competitive bid (Daily rates x Estimated Usage)



Central Purchasing Agency Savings

Department of Human Services – OKDHS (83000)

Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
Armstrong Relocation	146,780.00	63,730.50	30% Competitive bid (Average minus Awarded bid)
Neher & Associates	21,000.00	1,500.00	Negotiated additional services, terms, lower costs.

Department of Mental Health & Substance Abuse Services (45200)

Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
Superior Linen	173,226.00	16,775.06	8.83% Competitive bid (Average minus Awarded bid)
Aramark	5,798.67	2,800.77	32.57% Competitive bid (Average minus Awarded bid)



Central Purchasing Agency Savings

Department of Public Safety (58500)

Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
Safe Boats International	556,125.69	30,896.89	GSA Contract

Department of Transportation 34500)

Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
Armstrong Relocation	6,253.47	325.71	5% Savings (Budget minus Awarded bid)
Various Vendors	850,947.50	16,201.95	2.42% Competitive bid (Average minus Awarded bid)

Department of Veterans Affairs (65000)

Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
Various Vendors	71,460.81	7,284.45	9% Competitive bid (Average minus Awarded bid)



Central Purchasing Agency Savings

Department of Wildlife Conservation (32000)

Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
Various Vendors	141,784.09	8,215.38	5.5% Competitive bid (Average minus Awarded bid)

Historical Society (35000)

Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
Get Imaging	223,223.50	6,511.00	2.83% Savings (Budget minus Awarded bid)

School of Science and Math (62900)

Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
G4S	140,000.00	3,191.16	2.23% Competitive bid (Average minus Awarded bid)



Central Purchasing Agency Savings

Supreme Court (67700)			
Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
Cherwell	99,187.25	5,132.75	Negotiated terms, lower costs, additional training
Courthouse Technician	1,212,859.00	207,301.00	Negotiated terms, lower costs, additional training

Central Purchasing Agency Savings		
Total Annual Spend (\$)	Total Savings (\$)	Total Percent Saved
5,259,638.51	1,380,078.19	26.24%

Agency Reported Savings



Agency Reported Savings

Board of Pharmacy (56000)

Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
Diversified Construction	2,385,000.00	420,000.00	CAP Solicitation and Bid Evaluation

Center for the Advancement of Science and Technology (62800)

Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
AT&T Mobility	3,794.81	350.00	Rightsizing, consolidated volume

Department of Commerce (16000)

Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
Nexant	409,575.00	66,625.00	Performance Information Procurement Systems (PIPS) Process

Department of Veterans Affairs (65000)

Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
Various Vendors	107,017.31	22,677.39	Best value, volume buying, best quality



Agency Reported Savings

Health Care Authority (80700)

Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
MedSolutions	1,275,000.00	83,333.00	Solicited additional suppliers, bench marking and right-spec'd

Indigent Defense System (04700)

Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
Various Vendors	8,492.83	393.24	Consolidated volume

State Bureau of Investigation (30800)

Vendor	Annual Spend (\$)	Savings (\$)	Best Practices Utilized
Various Vendors	22,540.00	6,572.04	Renegotiated Contracts and Best Value

Agency Reported Savings

Total Annual Spend (\$)	Total Savings (\$)	Total Percent Saved
4,211,419.95	599,950.67	14%

Information Services Division (ISD)



Information Services Division Executive Summary

Through Information Technology (IT) statewide contracts, the State of Oklahoma achieved estimated cost avoidance in excess of \$18 million in fiscal year 2012. The spending and cost avoidance are summarized below:

Quarter	Spending	Cost Avoidance	Percentage
Total	\$ 100,769,680.29	\$ 18,746,985.55	18.60%
Quarter 1	3,466,433.00	592,760.04	17.10%
Quarter 2	22,705,692.18	4,731,307.43	20.84%
Quarter 3	30,723,660.61	5,630,361.92	18.33%
Quarter 4	43,873,894.50	7,792,556.16	17.76%



Information Services Division Executive Summary

Notes regarding Cost Avoidance Calculations

- ▶ Cost avoidance and percentages were based on the State discount price off of MSRP. An average discount was used if varying discounts were given on items in the contract.
 - Discount off MSRP was used because historical pricing and the average of responsive bids information was not readily available due to the transition of IT contracts from Central Purchasing to ISD. The information could not be gathered by the due date of this report.
 - IT Consulting contracts do not have a MSRP value so no cost avoidance was claimed on these agreements since the averages of responsive bids were not available for calculation.
 - Spend and cost avoidance for the first and second quarters are not comprehensive due to the above mentioned contract transition not finalizing until February 2012.



Information Services Division Executive Summary

- ▶ Several issues led ISD to use this approach to calculating cost avoidance. Those issues include:
 - Missing or incomplete usage data as reported by vendors for each contract.
 - Missing historical prices or missing responsive, non-awarded prices.
 - Lack of pricing transparency.
 - Multiple discount percentages across a specific contract resulting in an average of the discounts being used for cost avoidance calculations.

IT Statewide Contract FY12 Detail



Information Services Division IT Statewide Contract FY12 Detail

SW Contract #	Total Sales (\$)	% off MSRP	Total Avoidance (\$)
ITSW1001 Virus Protection	0.00	52%	0.00
ITSW1002 Desktop Management	4,229.00	43%	1,818.47
ITSW1006 Network Products & Services	22,959.00	38%	8,724.42
ITSW1007 EPPM	98,453.00	30%	29,535.90
ITSW1008 Mailroom Equipment (Pitney Bowes)	41,440.01	48%	19,891.20
ITSW1008 Mailroom Equipment (Neopost)	76,022.00	35%	26,607.70
ITSW1011 Oracle DB	1,997,141.14	45%	898,713.51
ITSW105 Wireless (AT&T)	1,871,665.63	25%	467,916.41
ITSW105 Wireless (Verizon)	492,627.52	23%	113,304.33
ITSW105 Wireless (Sprint)	2,514,233.87	25%	628,558.47
ITSW105 Wireless (US Cellular)	347,532.01	22%	76,457.04
ITSW105 Wireless (Pioneer)	175,987.49	0%	0.00
ITSW120 Microsoft LAR	14,764,116.86	17.1%	2,524,663.98
ITSW171 Copiers (Xerox)	2,032,583.15	21%	426,842.46
ITSW171 Copiers (Standley)	3,440,244.01	21%	722,451.24
ITSW206WSCA (HP)	4,113,667.19	15%	617,050.08
ITSW206WSCA (Dell)	23,636,386.98	15%	3,545,458.05



Information Services Division IT Statewide Contract FY12 Detail

SW Contract	Total Sales (\$)	% off MSRP	Total Avoidance (\$)
ITSW206WSCA (IBM)	423,123.29	15%	63,468.49
ITSW206WSCA (EMC)	1,138,871.00	40%	455,548.40
ITSW206WSCA (Panasonic/CDW)	5,752.15	20%	1,150.43
ITSW207 PC Standard	5,324,786.13	54%	2,875,384.51
SW221 Cisco (AT&T)	31,935.79	38%	12,135.60
SW221 Cisco (Presidio)	3,104,376.90	38%	1,179,663.22
SW221 Cisco (DTS)	6,886.00	38%	2,616.68
SW221 Extreme/Juniper (Peak)	447,069.69	35%	156,474.39
SW221 Extreme (Smart)	184,751.91	45%	83,138.36
SW221 Juniper (Presidio)	191,429.50	45%	86,143.28
ITSW0402 Public Safety	149,386.00	20%	29,877.20
ITSW0450 Telecom (AT&T)	17,149,222.00	12%	2,057,906.64
ITSW0450 Telecom (Cox)	12,197,745.76	10%	1,219,774.58
ITSW0450 Telecom (Presidio)	975,652.31	20%	195,130.46
ITSW0715 IT Consulting (Advancia)	1,002,358.82	0%	0.00
ITSW0715 IT Consulting (LSG)	16,257.00	0%	0.00
ITSW0715 IT Consulting (MY)	723,836.00	0%	0.00



Information Services Division IT Statewide Contract FY12 Detail

SW Contract #	Total Sales (\$)	% off MSRP	Total Avoidance (\$)
ITSW0715 IT Consulting (Rattan)	553,113.61	0%	0.00
ITSW0715 IT Consulting (LCI)	70,119.00	0%	0.00
ITSW0718 Printer Maint.	129,026.00	0%	0.00
ITSW0782 Imaging (BIS)	798,805.83	25%	199,701.46
ITSW0782 Imaging (BMI ImageNet)	13,868.34	25%	3,467.09
ITSW0782 Imaging (Get Imaging)	69,646.00	25%	17,411.50
ITSW790 Satellite Phones	2,990.45	0%	0.00
ITSW0804A Online Legal (West Group)	415,261.95	0%	0.00
ITSW0804A Online Legal (LexisNexis)	1,495.00	0%	0.00
ITSW0895 IT Advisory Services	12,625.00	0%	0.00
TOTALS	100,769,680.29	18.60%	18,746,985.55