



TEXAS DEPARTMENT OF INFORMATION RESOURCES

Transforming How Texas Government Serves Texans

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



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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 state agencies participating in the bulk purchases, and the information technology purchased. This report addresses that requirement and details the cost savings achieved for state agencies and other eligible DIR Cooperative Contracts Program customers for fiscal years (FY) 2021 and 2022.

In the 87th Legislative Session, the Texas Legislature changed the due date of this report from October 1 to December 1, 2022, 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 also submitting a supplemental report for August 2020 bulk purchases that had not yet been calculated when the last report was due on 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 state agencies, institutions of higher education, and local government entities to purchase IT products and services through pre-negotiated contracts that meet state procurement requirements. Every dollar that participants save by purchasing 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" offers public entities 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). These benefits can sometimes be enhanced when eligible customers come together to buy a large quantity of like items during a designated timeframe.

In fiscal years 2021 and 2022, DIR coordinated bulk purchases for computers using the Coronavirus Aid, Relief, and Economic Security Act (CARES) funds. For the 2021–2022 initiatives, DIR offered the hardware bulk purchase to agencies and aggregated the benefit of volume purchasing for personal computers, laptops, and tablets. Of particular importance and urgency, in response to the COVID-19 Disaster Declaration issued on March 13, 2020, DIR established bulk purchase agreements so that state agencies could purchase laptops for employees that used desktop computers as their primary computers prior to the COVID-19 disaster.

Additionally, DIR initiated a bulk purchase agreement for Oracle Cloud Infrastructure as a Service (IaaS) and Platform as a Service (PaaS) solutions for DIR's Shared Technology Services (STS) customers. Although this agreement was initiated during FY 22, purchases will not be reported

until 2024. From the previous biennium, DIR carried over the bulk purchase initiatives for multi-function devices (MFD), managed print services (MPS), and installation of enterprise content management (ECM) solutions. Through these bulk purchases, DIR aimed to accommodate agencies' purchasing cycle periods and to assess and calculate cost savings by combining multiple agencies' needs for desktop and laptop computer replacements, MFD, MPS, and ECM solutions.

Using the DIR Cooperative Contracts for bulk purchases, DIR successfully achieved the goal to maximize the state's cost savings by leveraging agencies' combined need for these products and solutions to drive down purchasing costs, while providing options to meet individual agency technology requirements. **The bulk purchase efforts saved participating state agencies more than \$17 million total** based on data captured from the DIR Vendor Sales Reporting (VSR) Portal.¹

These bulk purchase initiatives extended beyond the traditional commodity-based hardware bulk purchases and explored how DIR could achieve additional cost savings on service-oriented information technology.

As a result, 25 agencies participated spending a total of \$54 million, which represents an increase of over \$2 million in bulk purchases over the previous period. In addition to state agencies, 7 other eligible customers leveraged DIR's bulk initiatives to purchase technology commodities spending an estimated \$899,000.

Background

Article IX, Rider 9.04², "Information Technology Replacement," in the [General Appropriations Act](#)

¹ The Vendor Sales Reporting (VSR) Portal is the DIR application vendors use to submit monthly reports for all DIR eligible sales in the given reporting period. DIR vendors are contractually required to submit a report of sales by customer purchase orders every month.

² "(c) In accordance with Sections 2157.006 and 2157.068, Government Code, the Department of Information Resources may require any state agency with plans to purchase or replace certain information technology equipment, hardware, software, and services, including cyber security, telecommunications and network equipment out of funds appropriated elsewhere in this Act, to coordinate such purchases with the department to achieve additional cost savings through a coordinated bulk purchasing effort. Any state agency selected by the department for participation in the department's bulk purchasing effort shall cooperate with the department's requirements. Institutions of higher education receiving an appropriation by this Act for information technology initiatives, may also coordinate with the department through a coordinated bulk purchasing effort." General Appropriations Act, 87th Leg., R.S., ch. 1353, art. IX, § 9.04(c).

(87R) requires agencies and institutions of higher education to participate in hardware and software bulk purchasing efforts facilitated by DIR.

In addition to state agencies and institutions of higher education, other entities eligible to purchase from these agreements include local governments such as cities, counties, public school districts, assistance organizations as defined by Government Code Section 2175.001(1), and out-of-state public entities.

To coordinate the laptop bulk purchases using CARES Act funds, DIR solicited laptop availability from contracted vendors and established bulk purchase agreements for laptop configurations that were readily available. DIR worked closely with state agencies to coordinate the purchases and meet agency demand for laptops. This methodology allowed DIR and vendors to immediately meet customer demand, without delays associated with customizing hardware configurations.

Agency demand and heightened security drove software EDR bulk purchases. The nature of EDR simplified coordination efforts and ensured agencies had the choice to purchase add-ons, deployment options, and related services to meet the requirements of their existing technologies.

Through the bulk purchase initiative, aggregated agency demand for multi-function devices, managed print services, and installation of enterprise content management solutions further reduced consumption costs for per image/per copy pricing. Smaller agencies, which otherwise would not meet the volumes necessary to realize the pricing achieved through the bulk purchase agreements, especially benefited from lower prices.

Hardware Implementation

Through previous collaboration efforts, DIR faced two distinct challenges specific to hardware replacement that potentially limited agency participation: scheduling and configurations.

Scheduling a bulk purchase for hardware replacement is challenging given that DIR must communicate with the appropriate personnel in each participating agency and factor in agency-specific computer refresh schedules. For a bulk purchase agreement, DIR negotiates a specific timeframe in which the purchases must be made. In addition to the hardware bulk purchase initiatives, DIR pursued negotiating a laptop bulk purchase in a very short window, from November 26, 2020, through December 31, 2020, to allow agencies to replace desktop computers with laptops necessary to support remote working during the COVID-19 public health emergency. The disaster declaration spiked a demand for remote hardware whereby DIR negotiated with vendors to reinstate hardware bulk purchase agreements and accommodate agencies demand for devices to support teleworking.

Throughout the hardware bulk purchasing initiatives, DIR operated with a hands-on approach because of the short timeline, agency uncertainty related to reimbursements, and the global demand for remote working devices. DIR communicated with agencies through the Information Resources Managers (IRMs), who oversee and manage IT resources at state agencies, and DIR's ITSOURCING Digest, which is a weekly newsletter distributed to state agency procurement personnel.

This initiative allowed vendors to offer state agency customers computers they currently had in

stock while providing:

- Opportunities for state agencies to use Historically Underutilized Business (HUB) resellers, thus supporting the agencies' abilities to meet HUB goals; and
- The overall best value on the computer equipment.

Participating manufacturers included: Dell, Hewlett Packard, and Lenovo, along with authorized resellers under the manufacturers' DIR contracts.

Among participating agencies, the Texas Department of Family and Protective Services (DFPS) and Texas Department of Public Safety (DPS) benefited the most from utilizing the hardware bulk purchases, according to the data that vendors reported to DIR. DFPS purchased over \$4.5 million in bulk hardware and saved over \$7.9 million. DPS bought over \$2.2 million in the hardware bulk purchases and saved over \$1.8 million.

Software Implementation

DIR established a bulk purchase agreement with Oracle for Cloud Services, specifically Infrastructure as a Service (IaaS) and Platform as a Service (PaaS), exclusively for use in the Shared Technology Services (STS) Program. Bulk purchase sales and related savings will be reported in the next biennial report.

Carry-Over Implementation

Carry-Over implementation relates to services purchased during the previous reporting period, but vendors reported the sales during this reporting period. These services include initiatives for multi-function devices, managed print services, and installation of enterprise content management solutions. Vendors with carry-over sales reports include Xerox and Neubus.

Reporting

DIR contractually requires vendors in the Cooperative Contracts Program to submit monthly vendor sales reports that include information about purchases and customers. DIR uses the data to identify customer trends and calculate savings, including technology products purchased at bulk rates. Recently, DIR enhanced vendor reporting capability by implementing an indicator field for each bulk purchase item reported to calculate bulk purchases and resulting savings. DIR references bulk purchase orders submitted by customers to verify and validate reported sales for compliance.

To accurately calculate sales price, DIR depends on vendors to submit the contract discount, sales price, and original manufacturer's suggested retail price (MSRP) in their monthly sales reports. Where the detailed information is not available on vendor sales reports, DIR was not able to calculate bulk purchases and related savings for participating customers. DIR continues to work with vendors to ensure that sufficient data is provided to improve ability to more accurately report all savings realized through bulk purchase agreements.

Savings

DIR calculates the savings that agencies and public entities achieve through bulk purchases by comparing the price paid under bulk purchase agreements to the price offered under the respective cooperative contract(s) for the same products and services.

Total Purchases and Resulting Savings

| Customer Segment | Participating Entities | Bulk Purchases | Bulk Savings |
|------------------|------------------------|---------------------|---------------------|
| State Agencies | 25 | \$54,039,106 | \$17,086,957 |
| Local Government | 5 | \$552,641 | \$515,500 |
| Higher Education | 2 | \$346,526 | \$399,825 |
| Total | 32 | \$54,938,273 | \$18,002,282 |

State Agency Hardware Savings

| Agency Name | Hardware Purchases | Hardware Savings |
|--|--------------------|------------------|
| State Bar of Texas | \$263,965 | \$419,632 |
| Teacher Retirement System of Texas | \$422,024 | \$548,314 |
| Tenth Court of Appeals | \$13,638 | \$8,615 |
| Texas Commission on Environmental Quality | \$449,500 | \$357,201 |
| Texas Commission on the Arts | \$12,844 | \$5,370 |
| Texas Department of Agriculture | \$364,826 | \$340,512 |
| Texas Department of Criminal Justice | \$261,000 | \$105,102 |
| Texas Department of Family and Protective Services | \$4,505,220 | \$7,969,702 |
| Texas Department of Information Resources | \$327,407 | \$318,965 |
| Texas Department of Insurance | \$541,825 | \$619,127 |
| Texas Department of Motor Vehicles | \$1,291,506 | \$1,211,990 |
| Texas Department of Public Safety | \$2,245,586 | \$1,809,633 |
| Texas Department of State Health Services | \$42,160 | \$73,609 |
| Texas Department of Transportation | \$970,768 | \$429,770 |
| Texas Education Agency | \$648,567 | \$695,133 |
| Texas General Land Office | \$282,821 | \$295,474 |
| Texas Juvenile Justice Department | \$9,782 | \$13,162 |
| Texas Medical Board | \$73,352 | \$77,239 |

| | | |
|---|---------------------|---------------------|
| Texas Military Department | \$473,258 | \$488,439 |
| Texas Parks and Wildlife Department | \$305,398 | \$402,064 |
| Texas Secretary of State | \$72,416 | \$43,881 |
| Texas State Board of Pharmacy | \$23,620 | \$10,597 |
| Texas State Board of Public Accountancy | \$15,863 | \$4,915 |
| Texas Workforce Commission | \$318,647 | \$314,637 |
| Total | \$13,935,993 | \$16,563,083 |

Software Savings

Due to the timing of the software bulk purchase agreements, purchases and related savings will be included in the next report.

State Agency 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. DIR expects additional reporting in the coming weeks or months.

| Agency Name | MFD/MPS/ECM Purchases | MFD/MPS/ECM Savings |
|--|-----------------------|---------------------|
| Texas Department of Family and Protective Services | \$9,099,218 | \$206,492 |
| Texas Department of Public Safety | \$8,631,296 | \$1,625 |
| Texas Department of State Health Services | \$5,596 | \$0 |
| Texas Department of Transportation | \$6,442,028 | \$299,280 |
| Texas Health and Human Services Commission | \$5,924,975 | \$16,477 |
| Total | \$40,103,113 | \$523,874 |

Total Agency Savings

The below table shows the savings participating state agencies achieved in each individual bulk purchase agreement and the total combined savings each agency achieved by participating in more than one bulk purchase agreement.

| Agency Name | Hardware Savings | MFD/MPS/ECM Savings | Total Savings |
|--|---------------------|---------------------|---------------------|
| State Bar of Texas | \$419,632 | \$0 | \$419,632 |
| Teacher Retirement System of Texas | \$548,314 | \$0 | \$548,314 |
| Tenth Court of Appeals | \$8,615 | \$0 | \$8,615 |
| Texas Commission on Environmental Quality | \$357,201 | \$0 | \$357,201 |
| Texas Commission on the Arts | \$5,370 | \$0 | \$5,370 |
| Texas Department of Agriculture | \$340,512 | \$0 | \$340,512 |
| Texas Department of Criminal Justice | \$105,102 | \$0 | \$105,102 |
| Texas Department of Family and Protective Services | \$7,969,702 | \$206,492 | \$8,176,194 |
| Texas Department of Information Resources | \$318,965 | \$0 | \$318,965 |
| Texas Department of Insurance | \$619,127 | \$0 | \$619,127 |
| Texas Department of Motor Vehicles | \$1,211,990 | \$0 | \$1,211,990 |
| Texas Department of Public Safety | \$1,809,633 | \$1,625 | \$1,811,258 |
| Texas Department of State Health Services | \$73,609 | \$0 | \$73,609 |
| Texas Department of Transportation | \$429,770 | \$299,280 | \$729,050 |
| Texas Education Agency | \$695,133 | \$0 | \$695,133 |
| Texas General Land Office | \$295,474 | \$0 | \$295,474 |
| Texas Health and Human Services Commission | | \$16,477 | \$16,477 |
| Texas Juvenile Justice Department | \$13,162 | \$0 | \$13,162 |
| Texas Medical Board | \$77,239 | \$0 | \$77,239 |
| Texas Military Department | \$488,439 | \$0 | \$488,439 |
| Texas Parks and Wildlife Department | \$402,064 | \$0 | \$402,064 |
| Texas Secretary of State | \$43,881 | \$0 | \$43,881 |
| Texas State Board of Pharmacy | \$10,597 | \$0 | \$10,597 |
| Texas State Board of Public Accountancy | \$4,915 | \$0 | \$4,915 |
| Texas Workforce Commission | \$314,637 | \$0 | \$314,637 |
| Total | \$16,563,083 | \$523,874 | \$17,086,957 |

Local Government Entity Savings

The below table shows the savings participating local government entities achieved during this reporting period. These entities participating in hardware bulk purchasing only.

| Entity Name | Hardware Purchases | Hardware Savings |
|---|--------------------|------------------|
| Austin Travis County Integral Care | \$48,313 | \$39,451 |
| Bluebonnet Trails Community Services | \$217,177 | \$290,551 |
| City of Seguin | \$22,451 | \$1,016 |
| Tarrant County Mental Health Mental Retardation | \$72,700 | \$86,044 |
| Texas Guaranteed Student Loan Corporation | \$192,000 | \$98,438 |
| Total | \$552,641 | \$515,500 |

Higher Ed Savings

The below table shows the savings participating institutions of higher education achieved during this reporting period. These entities participating in hardware bulk purchasing only.

| Agency Name | Hardware Purchases | Hardware Savings |
|--|--------------------|------------------|
| Texas Division of Emergency Management | \$257,426 | \$300,316 |
| Tyler Junior College | \$89,100 | \$99,509 |
| Total | \$346,526 | \$399,825 |

Bulk IT Vendor Sales Reporting Summary

Assumptions

- The data from the vendor sales reports may not account for all the purchases made during the period due to inherent delays in vendor sales reporting, which is based on invoices, not purchase orders. For example, an agency may place an order for computers but, due to the planned delivery of those computers, the vendor may not fully invoice the agency or report the sale to DIR for several months.
- Adjustments to vendor invoices that are not necessarily related to the specific bulk purchase transaction (e.g., refunds, purchase order change notices, or other pricing adjustments) may result in anomalies presented as zero or negative savings. Those adjustments may also inflate actual savings presented. DIR does not believe this materially impacts the estimated savings presented in this report and will continue to investigate the anomalies to improve the reporting process.

Participating Customers by Customer Segment

The full list of entities participating in bulk purchases based on vendor monthly sales reporting is provided in [Appendix 2– Participating Customers](#).

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 state agencies and local government entities 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.

DIR leveraged customer volume to negotiate competitive pricing through the Bulk Purchase initiatives.

Establishing configuration-tiered categories in the bulk purchasing initiative, as well as a menu of enhancements and accessories, enabled participating agencies to obtain competitive pricing beyond discounts already available through DIR cooperative contracts. Most agencies would not have been able to negotiate such a significant discount based on their own limited quantities.

DIR provided a streamlined procurement process for both agencies and vendors.

The coordination of the bulk purchase provided DIR valuable insight into the specific detail and planning of agency computer replacement needs. In turn, DIR's technology contracting experience provided participating agencies a value-added service by facilitating the negotiation for all agencies' requirements. At the same time, the initiative also streamlined the procurement process for vendors who worked with DIR as a single point of contact, instead of working with each individual agency.

The bulk purchase program is adaptive to support critical demand for agencies.

Through the bulk purchasing initiative, DIR offered agencies an inventory of hardware and software. The bulk purchase agreement for laptop devices allowed agencies to issue POs for a vendor inventory that DIR already secured through negotiations.

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.

Participation

DIR communicated through several channels, including DIR's ITSOURCING Digest email list and the IRM email distribution list, to invite participation and increase the volume of purchases and in turn, savings. DIR also opened participation to all eligible DIR customers for the hardware bulk purchase, while offering software to all eligible customers proved more of a challenge.

Conclusion

The 2020-2022 bulk purchase initiative demonstrated the benefit of negotiating a technology standard and volume as a method to achieve significant price savings for information technology commodities. DIR's technology contracting experience provided vendors a single point of contact for consolidated, informed, and efficient negotiations in contrast to negotiating contracts with each individual agency. For bulk purchases, a menu-style approach for enhancements also gave state agencies options and ensured that they could meet necessary technical requirements while still benefitting from the reduced pricing.

Contact

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Appendix 1 – Participating Vendors

| Bulk Agreement Vendor | Bulk Agreement Number | Contract Number | Vendor Name |
|---------------------------|-----------------------|-----------------|--------------------------------|
| Dell Laptop (CARES Act) | DIR-BP2020-30 | DIR-TSO-3763 | Dell Marketing, L.P. |
| HP Laptop (CARES Act) | DIR-BP2020-32 | DIR-TSO-4159 | HP Inc. |
| Lenovo Laptop (CARES ACT) | DIR-BP2020-31 | DIR-TSO-3808 | Lenovo (United States), Inc. |
| Oracle Cloud for STS | BP2022-036 | DIR-TSO-4158 | Oracle America, Inc. |
| Hardware and Peripherals | BP2022-037 | DIR-TSO-3763 | Dell Marketing, LP |
| Hardware and Peripherals | BP2022-039 | DIR-CPO-5084 | AVI Systems, Inc. |
| Hardware and Peripherals | BP2022-040 | DIR-CPO-4920 | GTS Technology Solutions, Inc. |
| Hardware and Peripherals | BP2022-041 | DIR-TSO-4159 | HP Inc. |
| Hardware and Peripherals | BP2022-042 | DIR-CPO-4839 | Lenovo (United States), Inc. |

Appendix 2 – Participating Customers

| Agency Name | Segment |
|--|------------------|
| State Bar of Texas | State Agencies |
| Teacher Retirement System of Texas | State Agencies |
| Tenth Court of Appeals | State Agencies |
| Texas Commission on Environmental Quality | State Agencies |
| Texas Commission on the Arts | State Agencies |
| Texas Department of Agriculture | State Agencies |
| Texas Department of Criminal Justice | State Agencies |
| Texas Department of Family and Protective Services | State Agencies |
| Texas Department of Information Resources | State Agencies |
| Texas Department of Insurance | State Agencies |
| Texas Department of Motor Vehicles | State Agencies |
| Texas Department of Public Safety | State Agencies |
| Texas Department of State Health Services | State Agencies |
| Texas Department of Transportation | State Agencies |
| Texas Education Agency | State Agencies |
| Texas General Land Office | State Agencies |
| Texas Health and Human Services Commission | State Agencies |
| Texas Juvenile Justice Department | State Agencies |
| Texas Medical Board | State Agencies |
| Texas Military Department | State Agencies |
| Texas Parks and Wildlife Department | State Agencies |
| Texas Secretary of State | State Agencies |
| Texas State Board of Pharmacy | State Agencies |
| Texas State Board of Public Accountancy | State Agencies |
| Texas Workforce Commission | State Agencies |
| Austin Travis County Integral Care | Local Government |
| Bluebonnet Trails Community Services | Local Government |
| City of Seguin | Local Government |
| Tarrant County Mental Health Mental Retardation | Local Government |
| Texas Guaranteed Student Loan Corporation | Local Government |
| Texas Division of Emergency Management | Higher Ed |
| Tyler Junior College | Higher Ed |