YSLETA INDEPENDENT SCHOOL DISTRICT

IBM Statement of Work for Network Electronics

IBM/YISD ER5-002

Prepared for

Ysleta Independent School District

January 17,2002

IBM Global Services
San Antonio, Texas

The information in this proposal shall not be disclosed outside the YSLETA INDEPENDENT SCHOOL DISTRICT organization and shall not be duplicated, used, or disclosed in whole or in part for any purpose other than to evaluate the proposal, provided that if a contract is awarded to IBM as a result of or in connection with the submission of this proposal, YSLETA INDEPENDENT SCHOOL DISTRICT shall have the right to duplicate, use, or disclose the information to the extent provided by the contract. This restriction does not limit the right of YSLETA INDEPENDENT SCHOOL DISTRICT to use information contained in the proposal if it is obtained from another source without restric-

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1.0 STATEMENT OF WORK

Statement of Work – Introduction

This section describes the Services that IBM will provide under the terms of the Agreement formed by the IBM Customer Agreement (ICA), Ysleta Independent School District RFP #22-1115-016RFP and the Contractor's Appendix to RFP#22-1115-016RFP, the General Contract (dated January 17, 2002). and this Statement of Work (SOW). Once accepted and signed by Ysleta ISD, this Statement of Work and its terms and conditions, becomes part of the Agreement. Specifically, IBM will provide Ysleta Independent School District (Ysleta ISD) with a set of customized e-ratable services, with supporting documentation. The details of the Services to be provided are described in this section. These Services will be provided at existing and newly built Ysleta ISD locations in El Paso, Texas.

Statement of Work is comprised of the following sections:

1. Assumptions
2. IBM Responsibilities
3. Ysleta ISD Responsibilities
4. Deliverable Materials - Documentation
5. Project Schedule
6. Completion Criteria
7. Charges

The following are incorporated in and made part of this Statement of Work:

- Appendix A, Deliverable Guidelines / Documentation
- Appendix B, Project Change Control Procedure
- Appendix C. Equipment
- Appendix D, Signature Page

Changes to this Statement of Work will be processed in accordance with the procedure described in Appendix B, "Project Change Control Procedure." The investigation and the implementation of changes may result in modifications to the Schedule, Charges or other terms of this Statement of Work.

This offer will expire December 31, 2002 unless this date is extended by IBM in writing.

1.1 Assumptions

This Statement of Work and IBM's estimates to perform the Statement of Work are based on the following assumptions. Deviations that arise during the proposed project will be managed through the procedure described in Appendix B. "Project Change Control Procedure."

1. No sites affected by IBM's performance under this SOW have been declared as "Historical Buildings."
2. Installations will only be performed at the Ysleta ISD facilities constituting of: All eligible school campus locations. All functioning structured cabling, including patch cables, for both the wide area network and the local area networks is not in the scope of this SOW. All wide area network services (Telephone or Fiber) is not in the scope of this SOW.
3. Ysleta ISD school sites will be cabled and have closets prepared prior to the installation of network equipment.
4. Ysleta ISD personnel who will be assigned to this project will have the technical skills necessary to participate in the project.
5. Ysleta ISD and user personnel will be available as described in **3.0,** "Ysleta ISD Responsibilities."
6. Ysleta ISD can provide a current and accurate listing of each school site, to include network electronics hardware and software installed, and number of MC and IC wiring closets.
7. Work under this Statement of Work will be performed at sites within the Ysleta ISD and will not require travel to school sites outside district boundaries.
8. Only those components specified in this SOW are to be supplied and installed by IBM. Additional components can be specified via the Project Change Control Procedure detailed in Appendix B.
9. Configuration services of network electronics in each MDF or IDF will be performed at one time.
10. Work under this contract will be performed during school hours (7:00 a.m. and 4:00 p.m.) unless otherwise mutually agreed upon by IBM and Ysleta ISD.
11. Work to be performed at specific sites will be mutually agreed to and scheduled with IBM and Ysleta ISD at least ten **(10)** business days prior to the commencement of the work.
12. IBM and our subcontractor will have unlimited, unrestricted access to all buildings. Any security requirements inclusive of guards, security codes/access codes, lighting and internal access and/or central monitoring are the responsibility of Ysleta ISD.
13. IBM will be provided with access badges, keys and combinations or escorts to perform the work described in this SOW. Any delay encountered due to unavailability of buildings may result in additional charges being incurred by Ysleta ISD. If this situation arises. it will be addressed via the Project Change Control Procedure detailed in Appendix B.
14. Adequate wall space/wiring closet space will be made available to IBM for the purpose of placing MDF/IDF products and equipment installed under this agreement. It is understood by IBM and Ysleta ISD that any delay encountered due to insufficient wall space/insufficient wiring closet space may result in time delays and additional charges incurred by Ysleta ISD. If this situation arises, it will be addressed via the Project Change Control Procedure detailed in Appendix B.
15. It is understood by Ysleta ISD and IBM that this SOW is based upon the Start Date provided below. In the event this date is not achieved, IBM reserves the right to extend the projected project End Date on a working day for working day basis, and as mutually agreed upon by IBM and Ysleta ISD via the Project Change Control Procedure detailed in Appendix B.

16. It is understood by Ysleta ISD and IBM that this SOW and the pricing associated with this SOW are based upon the award of the total proposed SOW described in this document. The work described in this SOW will be performed during one continuous phase.
17. Ysleta ISD will provide remote access to the Ysleta ISD network for maintenance support.
18. This Statement of Work applies to all eligible buildings identified in FCC Form 471
19. All non-IBM products must be approved by IBM's Product Safety Review Board prior to IBM placing your order. If any product does not meet our product safety specifications, IBM will work with you to identify an alternate product. Procurement of an alternate product will occur only upon your approval.

Exclusions from this Statement of Work

1. IBM is not responsible under this SOW for the identification or correction of any existing safety and/or code violations, whether federal, state or local, including but not limited to fire and electrical codes. If IBM should discover any safety and/or code violations during the course of this project, IBM will notify Ysleta ISD of the problem. IBM will not be required to proceed with its work under this SOW until Ysleta ISD remedies such violation, nor will IBM be responsible for delays to the work caused by such violation.
2. IBM is not responsible for developing a new logical network design. The intent of this SOW is to supplement the existing network components using the Districts current design and configuration details.
3. On-going network operations and Coordination are not included in this Statement of Work. IBM would be pleased to respond to Ysleta ISD for the addition of these services.
4. Relocation and testing of existing computers, telecommunications, or C C N equipment(s) or systems are not included in this SOW.
5. Removal of existing telecommunications or CCTV cabling is not included in this SOW.
6. No data Media Converters are being supplied by this Statement of Work.
7. Installation of any hardware, software, and network electronics not specified in this SOW (e.g., workstations, servers, printers, routers, DSUs/CSUs, repeaters, modulators) is the responsibility of Ysleta ISD. Pursuant to a separate purchase order, IBM can perform work on these excluded items.
8. It is understood by Ysleta ISD and IBM that all matters relating to physical construction of new wiring closets/equipment locations and retrofits for existing wiring closets/equipment locations, (general construction build out. HVAC, electrical, lighting, construction permits) is the responsibility of Ysleta ISD.

2.0 IBM RESPONSIBILITIES

2.1 Project Management

Task Description

The objective of this task is to provide technical direction, maintain project control and to establish a framework for project communications, reporting, procedural, and contractual activity for the IBM tasks described.

This task consists of the following activities:

- Establish and coordinate IBM efforts with the Ysleta ISD Project Manager.
- Develop and maintain work plans for the performance of IBM responsibilities.
- Administer the Change Control Procedures.
- Maintain communications and review progress with the Ysleta ISD Project Manager and team members during status meetings.
- Prepare and submit written Monthly Status Reports of IBM activities to the Ysleta **ISD** Project Manager.

Completion Criteria

This task will be considered complete when the other tasks identified under IBM Responsibilities have been completed and the Final Status Report has been delivered to the Ysleta ISD Project Manager.

Deliverables/Documentation

Monthly Status Reports.

2.2 Perform Site Survey

Description: The objective of this task **is** to visit the Ysleta ISD locations and perform the site survey using materials and processes developed by IBM. The subtasks are:

1. Verify and/or correct site general information
2. Identify and document site's special considerations:
   - Site's labor requirements and works restrictions (e.g. union vs. Non-union environments, works hours, access restrictions, special condition or limitations) that may affect the site's rollout.
   - Safety regulations - as may apply from municipalities
   - Site security requirements
   - Any unusual site conditions (e.g., site **to** be closed in one week)

3. Identify Equipment Room locations and requirements as it pertains to the equipment to be installed
   - Isolated electrical power circuit availability
   - Heating and air-conditioning
   - True earth ground availability
   - Access security
   - Fiber/Telephone circuit connection – DS3, T1, ISDN

Completion: This task will be complete when all site visits are completed and all site survey documentation is provided to Ysleta ISD (one softcopy and one hardcopy **of** the documentation).

Deliverable/Documentation: Site Survey Documentation

2.3 Installation of Network Electronics

Description: The objective of this task is to configure and install Two (2) Cisco **2651** Router, Two (2). Cisco 4908G Switches, as well as Forty Four **(44)** Cisco 3500 series switches The Subtasks are:

1. Provide Hardware as listed in Section 6 (Equipment)
2. Deliver each piece of equipment to its designated location.
3. Install the network electronics hardware.
4. Perform power on system test.
5. Configure the electronics to the local area and wide area networks.
6. Establish Layer 3 switching across local WAN and LAN.
7. Perform verification of network connection.
8. Verify connectivity to the Internet.

Completion: This task will be complete when all Network Electronics Installation activity is completed and all Site Installation Documentation is provided **to** Ysleta ISD (one softcopy and one hardcopy of the documentation).

Deliverable/Documentation: Site Installation Documents

3.0 YSLETA ISD RESPONSIBILITIES

The responsibilities listed in this section are in addition to those responsibilities specified in the IBM Customer Agreement and are to be provided at no charge to IBM. IBM's performance is predicated upon the following responsibilities being fulfilled by Ysleta ISD.

3.1 General Responsibilities

- Assign a Project Manager to represent Ysleta ISD regarding this contract.
- Provide full access to all Ysleta ISD school locations as required under this SOW.
- Communicate with appropriate Ysleta ISD personnel at your location of the work to take place and obtain their approval if necessary.
- Provide xfloor diagrams of affected campus locations in 8 1/2 x 11 hardcopy format.
- Provide all the necessary closet and/or equipment areas for location of network electronics, racks and cabinets as described within this SOW.
- Provide all necessary power and environmental support to accommodate all IBM and Ysleta ISD provided equipment.
- Inform IBM of any change in network requirements in accordance with the IBM Project Change Control Procedure, Appendix B.

3.2 Project Management

Prior to the start of this Statement of Work under the Agreement, Ysleta ISD will designate a person, called the Ysleta ISD Project Manager, to whom IBM communications will be addressed and who has the authority to act for Ysleta ISD in all aspects of the contract.

The Ysleta ISD Project Manager's responsibilities include:

1. Provide liaison between all project participants.
2. Manage the Project Change Control Procedure for Ysleta ISD.
3. Attend project status meetings.
4. Obtain and provide information, data, decisions and approvals, within three working days of IBM's request unless Ysleta ISD and IBM agree to an extended response time.
5. Help resolve project issues and escalate issues within the Ysleta ISD organization, as necessary.
6. Permit posting of any notifications required by applicable law for Services provided at your locations.

5.0 SCHEDULE

5.1 Project Dates

- Start Date – July 1, 2002.
- End Date – June 30,2003.

5.2 Project Relays

IBM will not be responsible for delays or additional requirements imposed by any government agencies or unforeseen conditions such as delays in the progress of the project by your acts or neglect or the acts or neglect of your employees or separate contractors employed by you, by changes ordered in the project not caused by the fault of IBM. by labor disputes, fire, unusual delays in transportation, adverse weather conditions not reasonably anticipatable. unavoidable casualties or other causes beyond IBM's control or by another cause which you and IBM agree is justifiable, the contract time shall be reasonably extended and the charges adjusted, if necessary, by Change Authorization.

4.0 DELIVERABLES / DOCUMENTATION

The following items will be delivered to Ysleta ISD under this Statement of Work. See Appendix A, "Deliverable/Documentation Guidelines" for a description of each deliverable.

- Monthly Status Reports
- Site Survey Documentation
- Site Installation Documentation

7.0 CHARGES

The Services Charge stated here represents the maximum allowable charges for all services that may be provided under this Statement of Work. IBM understands that the decision to implement this project is contingent upon award to the District of funding under the E-rate program. IBM will not begin work on this project without written notification from Ysleta ISD that funding has been approved and that work should begin. If such notification has not been received by December 31,2002, at IBM's option, IBM may terminate the portion of the Agreement represented by this Statement of Work or implement an extension of this Statement of Work, as well as changes in pricing or other terms and conditions as may be required, via the Project Change Control Procedure outlined in Appendix B.

Or this amount may be extended upon mutual agreement between Ysleta ISD and IBM as defined in the section titled Project Change Control Procedure. Should Ysleta ISD not receive the requested funding for E-rate 5 or should Ysleta ISD receive only partial funding, IBM will work with Ysleta ISD to agree on those portions of this Statement of Work that can be accomplished based upon available funding. In addition, IBM agrees that the District may decide not to pursue this project, even though a full or partial FUNDING COMMITMENT notification has been received from the E-Rate FCC Snowe-Rockefeller administration. Neither party will incur obligations under the portion of the Agreement represented by this Statement of Work if the District chooses not to pursue the project, even though a full or partial FUNDING COMMITMENT has been received.

IBM reserves a purchase money security interest in the Machines until IBM receives payment of the amounts due. You authorize IBM to prepare and file a financing statement to perfect its purchase money security interest in all Machines you order and IBM delivers under this Statement of Work.

It is understood by Ysleta ISD and IBM that this SOW and its associated pricing is based upon IBM receiving written approval from Ysleta ISD to proceed with E-rate 5 no later than December 31, 2002. In the event this approval is not received by this date, IBM reserves the right to restructure the SOW to incorporate on those tasks that can be successfully completed by IBM prior to June 30, 2003. This proposal will remain valid through December 31, 2002.

Total IBM Statement of Work for Network Electronics. . . . . **$965,500** including travel and living expenses
Estimated Taxes..... $0

For purposes of applying for FCC Snowe-Rockfeller E-rate funding, the following breakout is provided.

A) E-rate Eligible Portion..... $965,500

B) B) Non-Eligible Portion..... $ 0.00

E-rate Invoicing: Prior to commencing work, IBM requires:

1) a fully signed contract signature sheet:
2) a P.O. in the amount that the E-rate program is not funding (e.g. non-discounted portion of the eligible **costs** plus the non-eligible costs), and;
3) a copy of the USAC's Funding Commitment Decision letter.

As a service to the school, IBM will perform dual billing per E-rate terms and conditions. First, IBM will invoice the school monthly, as work is completed, for the 'non-discounted' portion of the

6.0 COMPLETION CRITERIA

IBM shall have fulfilled its obligations under this Statement of Work when any one of the following occurs:

- **IBM accomplishes the tasks described in section 2.0, "IBM Responsibilities,"**
- **Ysleta ISD terminates the Project in accordance with the provisions of the IBM Customer Agreement.**
- **The End Date *for* the contract is reached.**

APPENDIX A DELIVERABLE/ DOCUMENTATION GUIDELINES

A.1 Monthly Status Reports

Purpose: IBM will provide Status Reports Monthly during the project to describe the activities, which took place during that period. Significant accomplishments, milestones and problems will be described.

Delivery: One **(1)** hard copy will be delivered to the Ysleta ISD Project Manager within five (5) working days following the reporting period.

Content: The report will consist of the following, as appropriate:

- Activities performed during the reporting period
- Activities planned for the next reporting period
- Project change control summary
- Problems, concerns, and recommendations
- Billing summary

A.2 Site Survey Document—Documentation

Purpose

IBM will provide a Site Survey Document for Ysleta ISD location detailing locations, requirements, and special considerations.

Delivery

One **(1)** hard copy of the document and on (1) electronic copy will be delivered to the Ysleta ISD Project Manager.

Content

The report will consist of the following, as appropriate:

- Site general information
- Site special considerations
- Equipment room locations and requirements

ELIGIBLE items and any non-eligible items. Secondly, under separate invoice, **IBM** will invoice the E-rate FCC Snowe-Rockefeller administration for the remaining discounted portion of the ELIGIBLE items. Payment is due as specified in the invoice. Please note that although **IBM** will bill the school for the 'non-discounted ' portion and other charges not eligible under the E-rate program, the school assumes responsibility for the entire contract services charge. Not withstanding any other provision, the District has the right **to** terminate this agreement for business reasons if written termination notice is given to **IBM** prior to any work being perform or service provided.

Excluded from the Services Charge are items involving, but not limited **to;** repairs to the Location for correcting existing code deficiencies, painting, asbestos removal, plumbing, heating and ventilation, air conditioning work, etc.

IBM Service Provider Identification Number (SPIN): 143005607.

This offer will be withdrawn if **IBM** is not authorized to perform these Services by December 31, 2002.

APPENDIX B

B1 Project Change Control Procedure

When both of us agree to a change in this Statement of Work, a written description of the agreed change (called a "Change Authorization") will be prepared, which both parties must sign,

For IBM , the Project Manager will sign the authorization; for the District, the Superintendent or the Associate Superintendent for Business and Administrative services will sign. The Change Authorization will describe the change, the rationale for the change, and specify any change in the charges, schedule or other terms. Depending on the extent and complexity of the requested changes, IBM may charge for the effort required ***to*** analyze it. When charges are necessary in order to analyze a change, IBM will provide a written estimate and begin the analysis on written authorization. The terms of a mutually agreed upon Change Authorization will prevail over those of this Statement of Work or any previous Change Authorization.

A.3 Site Installation Document

Purpose

IBM will provide a Site Installation Document summarizing the installation of equipment as specified in Appendix C.

Delivery

One (1) hard copy of the document and one (1) electronic copy will be delivered to the Ysleta ISD Project Manager.

Content

The report will consist of the following, as ***appropriate:***

- Equipment List with Serial Numbers
- Configuration Information
- Physical location information

APPENDIX D SIGNATURE PAGE

IBM (we) will provide, and Ysleta ISD (you) agree to accept, IBM Services (Services) for "IBM Statement of Work for Network Electronics " under the terms and conditions of the Agreement consisting of RFP #22-1115-016RFP and the Contractor's Appendix to RFP #22-1115-016RFP, the General Agreement dated January 17, 2002, the IBM Customer Agreement and this Statement of Work. For Scope of Services, Completion Criteria, Charges and other applicable terms refer to the IBM proposal for the provisions of Ysleta ISD "IBM Statement of Work for Network Electronics" dated January 17, 2002.

IBM is aware of the District's reliance on an outside source of funding (Universal Service Fund) to execute on the Implementation tasks described in this SOW. Should Ysleta ISD not receive the requested funding for E-rate 5 or should Ysleta ISD *receive* only partial funding, IBM will work with Ysleta ISD to identify those portions of this Statement of Work that *can* be accomplished based upon available funding. Should such a lessening of scope Involve a redesign or some other change in pricing. IBM agrees to negotiate in good faith with Ysleta ISD to make the required changes according to the Project Change Control Procedure outlined In Appendix B. It is specifically understood by IBM and Ysleta ISD that no E-rate 5 activity will occur prior to IBM's receipt from Ysleta ISD of written authorization to proceed. which authorization may be a signature on the second Signature Page, following this one.. It Is understood by Ysleta ISD end IBM that this SOW and its associated pricing is based upon IBM receiving written approval from Ysleta ISD to proceed with E-rate 5 no later than December 31, 2002. In the event this approval Is not received by this date, IBM reserves the right to restructure the SOW to incorporate on those tasks that can be successfully completed by IBM prior to June 30, 2003. This proposal will remain valid through December 31, 2002.

Total Charges: $965,500, which includes travel and living expenses, and applicable taxes which are the responsibility of Ysleta ISD.

Both of us agree that the complete agreement between us regarding these Services will consist of 1) this Statement of Work and 2) the Agreement consisting of RFP #22-1115-016RFP and the Contractor's Appendix to RFP #22-1115-016RFP, the General Agreement dated January 17, 2002 and the IBM Customer Agreement

Agreed to:	Agreed to:
Ysleta Independent School District	International Business Machines Corporation
By _____	By _____
(Authorized Signature)	(Authorized Signature)
Name Vernon L. Butler	Name Tracy H. Diaz
Interim Superintendent	
Date: 1/17/02	Date: January 17, 2002
Customer Number 9968471	Reference Agreement No. OFE111
Customer Address:	IBM Office Address:
Ysleta Independent School District	
9600 Sims Dr.	4487 N. Mesa
El Paso, TX 79925	El Paso, Texas 79902
Project name or Identifier:	YISD Network Electronics
Start Date: July 1, 2002	End Date: June 30, 2003

APPENDIX C EQUIPMENT LIST

Equipment:

IBM will provide the following equipment and associated documentation in accordance with the terms and conditions of this SOW:

Qty	Part No.	Description
2	CISCO2651	High Performance Dual 10/100 Modular Router w/ Cisco IOS IP
2	CAB-AC	Power Cord, 110V
2	S26BP-12103T	Cisco 2600 Series IOS IP/IPX/AT/DEC PLUS
2	MEM2650-32U64D	32 TO 64MB DRAM Factory Upgrade for the Cisco 265x only
2	MEM2650-8U32FS	8 TO 32MB Flash SIMM Upgrade for the Cisco265x only
2	WIC-1DSU-T1	I-Port T1/Fractional T I DSU/CSU WAN Interface Card
2	WS-C4908G-L3	Catalyst 4908G-L3 Layer 3 Switch, 8 port 1000X GBIC Slots
2	CAB-AC	Power Cord, 110V
2	FR4908GL3-IPX	IPX License
2	WS-C3508G-XL-EN	Catalyst 8-port Gigabit GBIC Switch
6	WS-C3548-XL-EN	Catalyst 48-port 10/100 Ethernet Switch
8	WS-X3500	Cisco Stacking GBIC
44	WS-G5484	1000BASE-SX 'Short Wavelength' GBIC (Multimode only)
64	WS-C3548-XL-EN	Catalyst 48-port 10/100 Ethernet Switch
44	WS-X3500	Cisco Stacking GBIC
42	0520-1425 RU	Rack Mountable UPS 1425VA
1	9315	Powerware 80KVA UPS w\2 battery cabinets

APPENDIX C SIGNATURE PAGE

IBM (we) wii provide, and Ysleta ISD (you) agree to accept, IBM Services (Services) for "IBM Statement of Work for Basic Bundled Internet Access' under the terms and conditions of the Agreement consisting of RFP #22-1115-016RFP and the Contractor's Appendix to RFP #22-1115-016RFP, the General Agreement dated January 17, 2002, the IBM Customer Agreement and this Statement of Work. For Scope of Services, Completion Criteria, Charges end other applicable terms refer to the IBM Proposal for the provisions of Ysleta ISD IBM Statement of Work for Bask Bundled Internet Access', dated January 17, 2002.

IBM Is aware of the District's reliance on an outside source of funding (Universal Service Fund) to execute on the implementation tasks described in thii SOW. Should Ysleta ISD not receive the requested funding for E-rate 5 or should Ysleta ISD receive only partial funding, IBM will work with Ysleta ISD to identify those portions of this Statement of Work that can be accomplished based upon available funding. Should such a lessening of scope involve a redesign or some other change in pricing, IBM agrees to negotiate in good faith with Ysleta ISD to make the required changes according to the Project Change Control Procedure outlined in Appendix E It is specifically understood by IBM and Ysleta ISD that no E-rate 5 activity will occur prior to IBM's receipt from Ysleta ISD of written authorization to proceed. which authorization may be a signature on the second Signature Page, following this one. It is understood by Ysleta ISD and IBM that this SOW and its associated pricing is based upon IBM receiving written approval from Ysleta ISD to proceed with E-rate 5 no later than December 31, 2002. In the event this approval is not received by this date, IBM reserves the right to restructure the SOW to incorporate on those tasks that can be successfully completed by IBM prior to June 30, 2003. This proposal will remain valid through December 31, 2002.

Total Charges: $968,600, which Mudes travel and living expenses, and applicable taxes which are the responsibility of Ysleta ISD.

Both of us agree that the complete agreement between us regarding these Services will consist of 1) this Statement of Work and 2) the Agreement consisting of RFP #22-1115-016RFP and the Contractor's Appendix to RFP #22-1115-016RFP, the General Agreement dated January 17, 2002, and the IBM Customer Agreement

Agreed to:

Ysleta Independent School District

By _____

(Authorized Signature)

Name Vernon L. Butler

Date: 1/17/02

Customer Number 9968471

Customer Address:

Ysleta Independent School District

9600 S i Dr.

El Paso, TX 79925

Project name or Identifier:

Staff Date: July 1, 2002

Agreed to:

International Business Machines Corporation

By _____

(Authorized Signature)

Name Tracy H. Diaz

Date: January 17, 2002

Reference Agreement No. QFE111

IBM Office Address:

4487 N. Mesa

El Paso, Texas 79902

YISD Basic Unbundled Internet Access

End Date: June 30, 2003

Network Maintenance/Helpdesk

• Provide Software (Web enabled where possible) to centrally manage the edge equipment for the central office and campus LAN's and for WAN connectivity devices, so that it is monitored in a proactive fashion.
• Provide some training for use of this software for daily monitoring.
• Set up a reasonable "alert on down" system via pagers/cell phones/voice mail to alert the Network Services staff about potential outages on said equipment.
• Implement any far end configurations that are required in order to allow this software to interact with the devices to be monitored
• Replacement of the current helpdesk software with more robust and web enabled software. This should include deployment, training and support for the system to be installed. This system will reside on-site at the district and will be available in the time post Erate year. This software should allow us to create accounts for campuses to allow them to check on and initiate repair requests from the campus.
• Would prefer **8 x** 5 access to the Helpdesk software vendor's level 2 or higher technical support
• Appropriate hardware, servers or other software required to ensure the solution works

ISP Bandwith

• Provides the best cost/megabit of bandwidth available
• Full DS-3 (45megabit) service or better to backbone internet services without the ISP features (mail, web site space, etc.)
• Must have 24 **x** 7 **x 365** technical support and less than 4 hour response time, with dedicated level 2 or better support access.

Web Mail

Software Specs:

•Email that can be accessed via a web interface,
•Must work on Netscape v. **4.x** up and IE v. 5.x and up
•Interface must work properly on both Macintosh and Wintel platforms.
• Web Interface must be customizable
• Must be able to do file attachments
• Messages must be able **to** have attributes changed (ie, font, color, style etc...)
• Must support SSL
• Must have unified Address book
• Must support a disk quota
• Must support SMTP/POP/IMAP4
• Must have an automatic sign up capability
• Must support at a minimum LDAP directory services
• Must be able to support group settings (for instance per campus or usertype settings)
• Must have an integrated spell checker

• Ability to do clustering, load balancing and replication or High Availability Options
• Must have anti-spam features
• Virus Protection plug in capable
• Installation and configuration.

Other Software Specs (if available):

• Personal Web Pages
• Listserve capability
• Message Search Capabilities
• Signatures
• Saved Draft facility
• customizble user prefs

Hardware Specs:

• RISC based CPU (IBM **RS-6000** as an example)
• DASD scaled for a potential of 55,000 users with an **8** megabyte/user storage space limit.
• System needs to have backup system scaled to match DASD
• System must have memory to match or preferably to exceed by a factor of not more than 2, the requirements put for in the hardware vendor's specifications.
• Dual 10/100 Ethernet Interfaces or more if deemed necessary
• System must have fault tolerant drives
• Must have **24** x 7 x ***365*** if available
• **3** year onsite parts and labor warranty
• Installation, configuration and testing

Operating System Specs:

UNIX (AIX is preferable as it is the currently supported district standard)

Cabling

• Upgrades to ensure that there are **6** drops per room and 1 teacher composite drop
• Adds/Moves/Changes/
• Wiring for campuses having additions/
• Replacement of the old non structured channel **1** wiring via coax or via balun utilization over CAT 5e cabling.
• All cabling is to meet or exceed district published wiring standards and EIA/TIA and vendor specifications for installation.

Uniterruptable Power Supply, Generator for ACAC

• Replacement for current UPS system/

• Addition of Backup Generator with 30-45 second startup time for supplement to YISD UPS system/
• UPS services for campus MC's (rack mountable 5 kVa) units.
• Installation and configuration

New Web Sewers

Software Specs
• Apache or industry standard http/ftp/telnet services delivery software.
• Software tools for creating customized back-end solutions such as forms processing, online database extraction etc.
• Graphical user account management interface for easily granting access to potential publishers.
• The second server is to be used as an offline testing environment **for** web content prior to publication and will **serve** as a backup in case of main unit failure and will **be** configured as a duplicate of the master.

Hardware Specs:

• 2 Web Servers (RS-6000 for example) with at least 100 gig of mirrored DASD each.
• Minimum one gigabyte of memory each.
• Dual 10/100 Ethernet Interfaces
• Tape backup hardware and software
• Installation, configuration and testing
• 3 year onsite parts and labor warranty
• 24 x 7 x 365 support if available

Operating System Specs:

UNIX (AIX **is** preferable **as** it is the currently supported district standard)

Voice over IP Trunking between SL-100 and Option 11

• Upgrade cards for SL-100 to allow it to be connected to the district Cisco 6509.
• Upgrade cards for Option 11 Switches to allow them to attach to **the** campus backbone network
• Installation and testing
• Configure Campus Option 11's
• Configure Campus Electronics
• Configure SL-100
• Configure ACAC Electronics

Library Sewer Replacement, backup sewer and UPS system

Software Specs:

• Innovative Interfaces will provide the Millennium the primary server software for $42,276/yr
• Innovative Interfaces will provide the Millennium the backup server software for $5,760/yr
• Millennium will charge a currently unknown amount for install and testing
• Millennium will charge a fee to migrate user and library data from the old server to the new
• Server synchronization will be included as a part of the install process

Hardware Specs:

• 2 RISC based CPU's (IBM RS-6000 as an example)
• DASD 4 Mirrored 18 Gig drives
• Minimum 1 Gigabyte of RAM
• Triple10/100 ethemet interfaces
• Tape backup and software scaled appropriately for DASD
• 3 year on-site maintenance
• 24 x 7 x 365 warranty service

UPS portion:

• 5 kVa Rack Mountable UPS

Campus VLAN

This projects aim is to create a seperation of the campus LAN into Administrative and Instructional VLAN's

Hardware Specs:

• Any additional network electronic needed to facilitate two VLAN's at each campus.

Software Specs:

• Any additional software needed to facilitate installation and configuration of the VLAN's

Additional Specs:

• Support services contract for cutover testing and uptime assurance
• Installation, configuration and testing per campus
• 3 year onsite parts and labor warranty for any new hardware
• Hardware vendor support contract for upgraded support service.

Directory Services and Centralized Storage and Backup for ACAC.

Directory Services
Software Specs:

• Must provide industry standard directory enabled services for the network
• Must include LDAP compliant services
• Must include the ability to centralize authentication for login based user resources around the network.
• Must include the ability to track assigned user resources and their relation to authentication level
• Must have automated user creation and maintenance software for initial user load from **files** provided in CVS, Tab or Comma delimited file formats.
• Must work with the following systems: AIX, OS400, Windows (95, 98, 2000 Pro, 2000 Advanced Server, NT 4.0), Macintosh (OS **9** and OS X, OS X server) or any operating system that provides facilities for use of directory enabled resources.

Integration Services

• Identify which systems will benefit and outline any changes that need to be made to ensure conformance
• Define the scope and limits of the system
• Deploy the system and do pilot testing
• Investigate hooks from HR system and Student System
• Build data acquisition system for first major user load
• Help

Hardware Specs:

• RISC based (IBM RS-6000 as an example if possible) or Windows or Netware Based
• DASD scaled for task
• RAM scaled for task
• Dual 10/100 Ethernet
• 3 year onsite parts and labor warranty
• 24 x **7** x **365** support if available

Storage Area Network
Software Specs:

• Must be tuned to the specifics of the solution
• Must be able to provide storage to Win 9x, NT ,2k , OS400 and AIX systems within central office.

Hardware Specs:

• Must be scaled to exceed by a factor of 2 the current storage needs of the district

- Must have high availability options
- Must have library backup systems capable of keeping incremental backups of the SAN
- Must provide fault tolerant drive array system

Integration Services

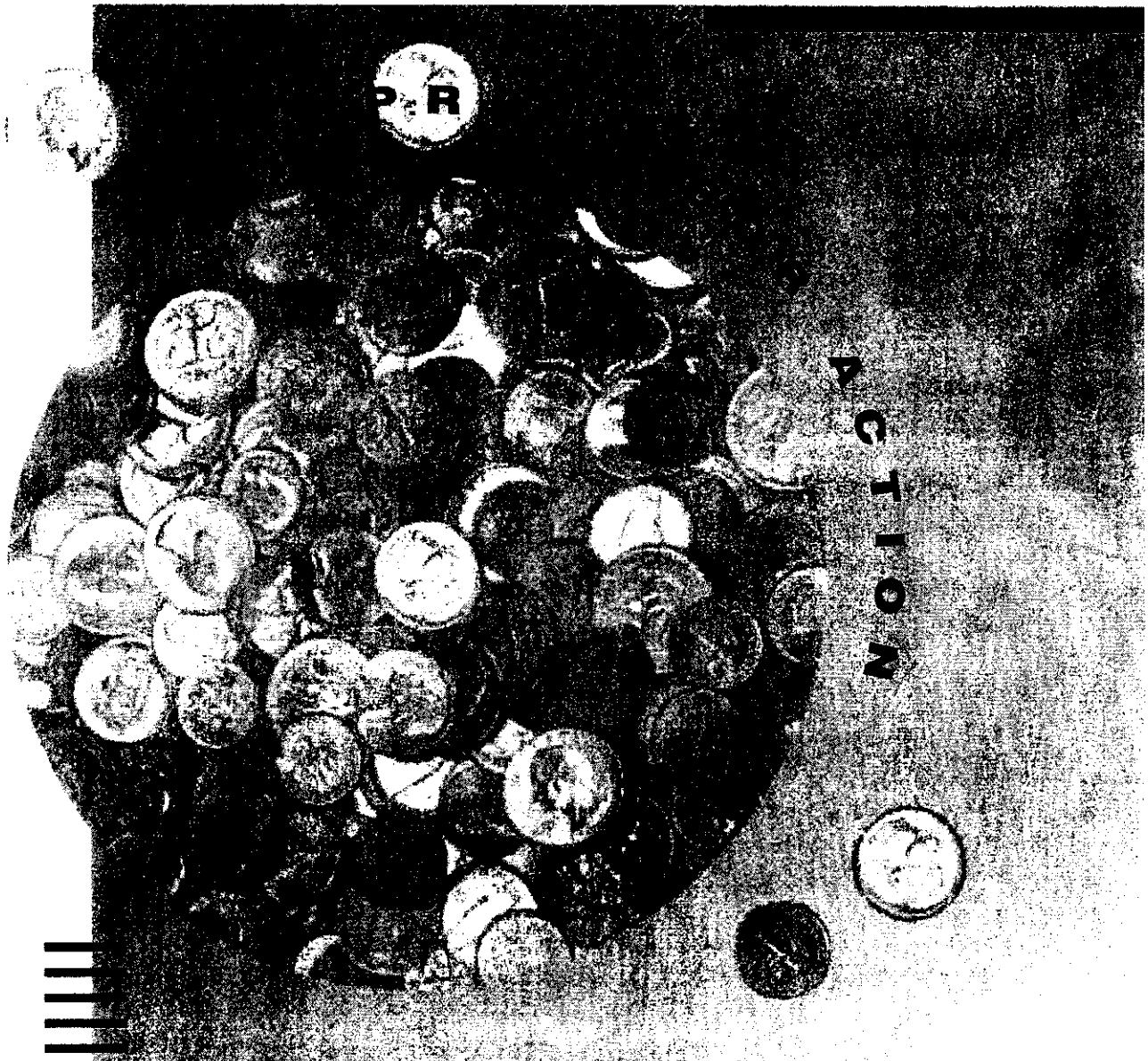
- Must provide analysis of systems that are eligible/capable for participation with the **SAN**
- Must be able to integrate solution with all equipment identified in analysis
- Will install and test on machines identified in analysis
- Must set up tape library system and work on back **up** strategy
- Must configure overall system and tune for performance

All Projects:

- Must include documentation of setup, install or changes made to existing equipment
- Projects may include onsite training either during or after the installation
- **All** projects will offer long term maintenance plan options

BUYING SMART

A report outlining innovative procurement strategies employed by state governments in the aquisition of information technology commodities.



Best Value

Partnerships

Problem-Oriented Solicitations

Produced by a joint task force of:

National Association of State Purchasing Officials

National Association of State Information Resource Executives

National Association of State Directors of Administration & General Services

'The National Association of State Purchasing Officials (NASPO), the National Association of State Information Resource Executives (NASIRE), and the National Association of State Directors of Administration and General Services (NASDAGS) present this report as the next steps in implementing information-technology procurement reform. *Buying Smart: Blueprint for Action* is the follow-up report to *Buying Smart: State Procurement Reform Saves Millions*, released in Scpteniber 1996 to initiate procurement reform in rhe states

The second report examines innovative procurement practices including best value. partnerships and problem solicitations, used by slates with increasing frequency. Driven by the demand to simplify the acquisition of commodity products. slates are seeking new ways to keep pace with advancements in technology to not only procure products but to distribute bids in an equally expedient fashion. The intended result is to provide procurement methods that assure customers of receiving leading-edge information-technology products and services in a timely and cost-effective manner.

The report is a testament to the value of procurement reform and the direct benefits states across the nation have seen after employing these innovarive strategies. A key to each state's procurement (reformsuccess is support from governors. agency heads, legislators and other decision-makers. This second report again speak directly to this audience in an attempt to clearly define the issues and to provide the tools to take the process from blueprint to action.

Since the production of an initial report in 1995with Harvard University's Kennedy School of Government Strategic Computing and Teleconumunications in the Public Sector and *Buying Smart: Procurement Reform Saves Millions*, the committee has added a very impoitant ally in NASDAGS, who themselves play a vital role in the procurement reform effort by lending their statewide authority and leadenhip.

The associations represent the senior procurement, information-technology and chief administrative officials in the 50 states. the District of Columbia and the U.S. territories. This most recent report is a continuation of the associations' conimitrrient to actively pursuing reform. These efforts have resulted in two previous studies on procurement reform including the Kennedy School report entitled *Information Technology and Government Procurement: Priorities for Reform* and the first of two *Buying Smart* reports. The findings and recommendations in this report benefited from the involvement of the Information Technology Association of America.

A task force of NASPO, NASIRE, and NASDAGS representatives provided oversight for the project. Bob Mayer, chief information officer, state of Maine; Gary Lambert, deputy purchasing agent for the Massachusetts Operational Services Division; and Don Speer, commissioner of the Kentucky Department of Administration served as co-chairpersons for the study. Other task force members included: Dugan Petty, director, Alaska Division of General Services; David Gragan, director, Texas Office of Central Procurement; Janet Phipps, director, Michigan Department of Management and Budget; Gene Lynch, secretary, Maryland Department of General Services; P.K. Agarwal, chief information officer, California Franchise Tax Board; and, Mike Benzen, chief information officer, Missouri Office of Technology

BUYING SMART

BLUEPRINT FOR ACTION

In 1998 states and localities will spend more on information technology — nearly $42 billion — than any time in the past. As government spending spirals upwards, states have made great strides in improving how they procure computer systems and services. Many states have taken steps to re-engineer the procurement process, reducing the time it takes to procure information technology, streamlining the layers of review and oversight and allowing managers more discretion for small purchases.

THERE HAS BEEN A LOT OF PROGRESS IN LAST 3-4 YEARS

Still, it has become increasingly clear that more must be done. In 1996, the National Association of State Information Resource Executives and the National Association of State Purchasing Officials issued a report, *Buying Smart: State Procurement Reform Saves Millions,* a report outlining recommendations to reform the government procurement process for information technology.

The report pointed out that existing procurement systems exact a high cost when it comes to purchasing information technology. States not only waste taxpayer dollars, but they can dampen economic vitality and diminish the delivery of services to individuals and businesses. To change the situation, *Buying Smart* offered five ways for states to cash in on procurement reform:

1. Simplify the procurement of commodity items and services
2. Build an infrastructure for electronic commerce
3. Procure information technology based on best value
4. Develop beneficial partnerships with vendors
5. Solve problems with solicitations.

Today, states have moved boldly on a number of fronts to reform procurement systems, but none more so than in the field of commodity purchases and electronic procurement.

States have learned to distinguish commodity products from non-commodity products in the information technology field and have simplified the acquisition of commodity items. Some states have raised the limits on transactions that can go forward without the traditional bid process, saving time and speeding the acquisition of time-sensitive technology. Others are exploring the idea of expanding commodity purchases to include standard technology services, such as consulting, maintenance and training.

Electronic procurement systems have exploded in use, thanks to the rapidly growing Internet and electronic commerce projects. Many states have turned to the World Wide Web to electronically distribute solicitations and bid results. States with electronic procurement systems have benefited from increased competition for their solicitations and from a more open bidding system that reduces the likelihood of vendor protests.

Now, states are hoping to increase their success with procurement practices that involve best value, partnerships and problem solicitations. To help procurement, technology and agency executives better understand the characteristics of these practices, NASPO and NASIRE have teamed up with the National Association of State Directors of Administration and General Services to produce this report. Outlined here are the definitions of best value, partnerships, and problem solicitations, their characteristics, barriers to their deployment and some best practices. With this overview, states can deepen their discussion about these more innovative forms of procurement, learn from what others are doing and begin developing their own procurement processes based on these principles.

BEST VALUE

Best **value** is a process for **seircting** tlie most advantageous offer by evaluating and comparing all relevant factors in addition to cost or price so that the overall combination that best serves the interest of the stare is selected.

Awarding bids based on best value shifts technology procurements away from broad objectivity, where lowest price is given extraordinary weight in the selection process. to a knowledge-based pi-ocuremenr process where l e u tangible values are important factors.

There is broad consensus among purchasing officials that **tlie** factors agencies should consider when pursuing a best value procurement include:

- Total cost of ownership (this includes operational and replacement costs)
- Performance history of vendor
- Quality of goods or services
- Delivery
- Proposed technical performance

Other relevant **factors** for consideration include:

- Financial stability of vendor
- Timeliness
- Cost of necessary training
- Qualifications of individuals proposed for a project
- Realistic risk assessment of the proposed solution
- Availability and cost of technical support
- Testing and quality assurance program

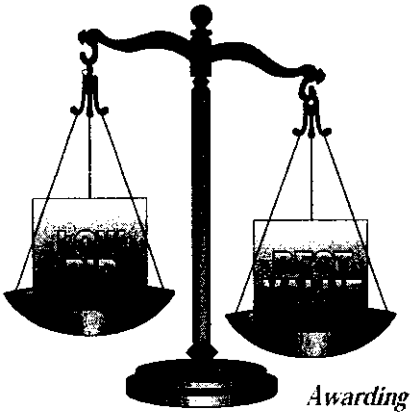
For best value to work, an **agency** must understand whar value is when it conies to procuring technology. For example, **is** it the quality of the software or the comprehensive support of the vendor? In addition. an agency must decide what to measure to ensure they are evaluating properly the product or service offered by the vendor. By broadening the definition of value beyond cost. an agency increases its ability to procure **sound** technology. At the same time, however, evaluating best value bids is more complicated than evaluating low-cost bids.

Because best value **is** a more complex form of bidding, it's not well understood and has been overlooked by agencies as a form of procurement. Part **of** the problem is that tlie term "best value" is relative whereas "low price" is an absolute. For example, when purchasing desktop software. customers already undentand the quality of a software product designed to run **on** a PC with Microsoft Windows. **so** delivery time for that product may be a more important value factor. However. when evaluating a contract **for** a custom software development project. quality of the end product **is** paraniount, while delivery time is somewhat less ***so.***

Best value procurements are more subjective than traditional procurements. Without proper preparation, it's easier to make mistakes during evaluation, raising the risk of protests or even litigation. Subjectivity also raises the issue of fairness. How does an agency ensure that **all bids** are treated fairly' To reduce these problems, agencies must spend more time on the front end of a best value procurement than with traditional contracts.

To improve the success of best value procurements. purchasing offices and state agencies have to establish and adhere to new responsibilities. They include:

- Training agency personnel on the philosophy and methodologies of best value.
- Educating vendors on how best value works and how evaluation criteria is established.
- Identifying sources of reliable data for evaluating best value contracts. This should include past performance history files on vendors.



Awarding bids based on best value shifts technology procurements away from maximum objectivity to a knowledge-based procurement process where less tangible values are important factors.

- Educating agency staff about the total cost of acquiring and owning a system beyond the capital cost.
- Maintaining benchmark reports so that the data used to evaluate the criteria for best value is well documented. Documentation will help an agency explain its decision-making should a problem arise or if a bid is protested.
- Designing systems to evaluate vendors. This can include vendor histories that cover the type of project involved. States may want to share these vendor experiences with other state procurement offices, allowing states to better evaluate the past performance of vendors.
- Setting up evaluation committees made up of technical, support and end-user representatives.

Even when agencies establish responsibilities and educate personnel on the right way to conduct a best value procurement, things can go wrong. Some of the issues to watch out for include:

- Lack of fairness. Despite best intentions, the best value methodology still involves many subjective judgments.
- Communication. 'The relevant factors that make up the evaluation criteria for a best value bid. must be properly and clearly communicated to the vendor.
- Consistency. Inconsistent use of rating factors can end up with poor procurements.
- Reliability. Make sure the data used to evaluate factors are reliable.
- Documentation. Document your decision to avoid protests and litigation
- Overkill. Too many factors can dilute the evaluation process. Choose to evaluate only those factors that are directly relevant to the product or service you are selecting.

Who's Doing Best Value:

The state of Texas has been applying best value to its information technology procurements since 1993. The evaluation criteria include life-cycle costs, employee productivity improvements and vendor performance.

The Commonwealth of Massachusetts recently reformed its procurement policies and procedures. The changes empower departments to procure goods and services at best value. Their handbook states: -...higher quality may be more cost effective over time when compared to a lower quality, less costly procurement. Long-term investments, as appropriate and necessary, and long-term value are also important considerations beyond cost....

The state of New York's procurement statute was amended in 1995 providing agencies the statutory authority to contract for services and technology on the basis of 'best value" or 'low price.' Even "low price" in the new statute. includes far more than just the cost of a n item or service, for example: the administrative. training, storage. maintenance. delivery, life span and life-cycle cost factors.

Missouri has applied besi value consideration for years in its procurements in accordance with the statutory authority to award to the "lowest and best" bid/proposal. In applying best value consideration. the state considers various criteria such as technical capabilities and contractor support. method of performance, experience and reliability of a company. qualifications of individuals proposed for a project. life-cycle costs. and other information learned while evaluating proposals.

Value-based procurement was implemented in New Mexico as a standard fur Information System Technologies in the mid 1980's. An electronic library has been established with both procurement documents and contracts. Quality assurance improvements have been added with document preparation assistance and document review prior to issuance. enhancing the quality assurance review process. Real time procurement consultation is provided throughout the procurement process. These improvements are accompanied by procurement manager and evaluation commirtee member training for every procurement as an integrated step in the procurement process.

PARTNERSHIPS

Procurement partnerships are aimed at creating an agency-vendor relationship that promoter achievement of mutually beneficial **goals.** Its most important characteristic is the principle **of** sharing risk to complete a project.

In the **past.** states hare avoided contract pannering to discourage favoritism. But these efforts at neutrality and objectivity can prove problematic in certain kinds **of** procurements, such as construction and information technology States believe that partnerships not only help with **risk sharing. hut** the). promote a better understanding of government needs and promote a continual improvement of services through long-term relationships with the vendor.

States also believe partnering can expand their knowledge base. With today's shorter cycle times **for** new technologies. states are **finding** it too hard to figure things out on their own. Partnering can ease that knowledge gap.

Perhaps more than any other government agency, the U.S. Corps of Engineers has adopted partnering as a means to improve the value of their construction contracts and to ensure success at meeting targeted goals. After a number of years and numerous partnership projects. the Corps has learned a niunber of lessons about partnering:

- An enduring commitment with real involvement of management is essential.
- The partnership must have constant reinforcement to avoid "traditional" behavior.
- Care must be exercised to assure realistic expectations, goals, and objectives early in the partnership. Set sights high, but make the targets achievable so they can endure throughout the project.
- Partnering can be applied successfully on single projects of fixed or limited duration.

States that hare studied and participated in partnerships have also learned their own lessons. States have found that for partnerships **to** succeed:

- They have to be real. Vendors must **have** a **stake** in the project. Partnerships must include shared risks and shared benefits. Benefits might include **a** sharing of new revenue generated by **the** information system or a new **product** developed during the course **of** the project that the **vendor** can market **and** sell.
- They have to produce measurable results in an environment of integrity, ethics, **and** trust.
- They should be long-term relationships. Stater should **ask** whether the vendor will rake over **the** servicing of the contract at some point. States also need to **find** out whether the project requires a highly specialized **skill** that the vendor can handle.
- They should support the strategic goals of each partner while planning and implementing continuous improvements in products, services, processes and employee involvement.
- Partners should openly communicate requirements, **make** special efforts to understand them, consider the capabilities **of** the other partner and strive to meet requirements all the rime. In addition. the **partners should** specify **requirements in** phases. ensuring the ability to keep long-term projects on track.
- States require more financial knowledge about vendors. States must make a strong mort to evaluate the financial health "fvendors Financial departments should be involved along with IT departments in this evaluation.
- States require a knowledge about the technology market. States need to measure the volatility of the market in which a vendor is competing. Questions to be asked include.
  Is the technology undergoing a period of **change** or **is** it considered mature? Is the vendor a candidate for a takeover or attempting **to** merge with another firm (which **can lead** to instability)'?
- States need to develop better skills at writing and managing contracts. They **can't** let the **vendor** assume **the** lead in contract writing. Partnerships may **be** about teamwork and mutually beneficial goals, but there still has to **be an** underlying contract that protects the **Interests** of states and vendors. Vendors develop numerous **kinds of** contracts all the time. **States** don't have nearly the experience that vendors have. To strengthen states' role in this crucial phase **of** partnering, they should escalate the sharing of information. such

When it comes to past performance of vendors, states need to do a better job in sharing their vendor experiences so that there is more common knowledge about performance to evaluate.

as contracts and reports, between states that concern the right and wrong way of drafting a contract.

- States must know how to assess the real value of a partnership project. Is a project a success if the revenue stream is only $50,000 and not the $500.000 as originally targeted? Is the partnership a success if the vendor produces software that only works within the agency's project and not elsewhere as proposed?
- States and their vendor partners should always promote a cooperative relationship in which conflicts are resolved through negotiation instead of legal remedies.
- States and vendors must have a mutual understanding and agreement of the contract deliverables, outcomes and haw to identify measures of progress and success.

States and vendors agree that partnerships must be established as the result of an open. equitable, interactive procurement process. which allows the buyer to communiicate vital needs and expectations and potential contractors to present recornmendations on contracting approaches, design. technical requirements and implementation prior to the invitation to partner. Finally. it's important not to underestimate the amount of work that follows once a bid has been awarded and a partnership begins.

According to the U.S. Corps of Engineers, partnerships can **succeed if** both parties **can** answer **the following general** questions **in** the affiniative:

1. Are the partners sharing a common goal?
2. Are each partners' expectations clearly stated upfront?
3. Are the partners actions consistent and reliable?
4. Is there a real willingness from each partner to make the necessary commitment to the partnership in terms of time and energy?
5. Are the partners accountable to each other for their actions?
6. Do the partners understand and respect each other's responsibilities as well as honest differences between them?
7. Is the partnership achieving synergy? In other words, is it more than the sum of the individual partners?
8. Does each partner expect excellence from the other and give it in return?

Who's Forming Partnerships?

The state of Florida has established 15 information Technology Consulting Service Contracts in the past 18 months Under these contracts, vendors will provide year 2000 compliance services, which can be used by all srate agencies, local governments and educational institutions. Florida anticipates contracting with a number of additional firms to provide the state with extensive capacity for solutions to the year 2000 compliance problem. For small firms with limited capacity, the SNAPS (State Negotiated Agreement Price Schedule) program is an alternative which makes available to the state of Florida. year 2000 compliance services from vendors who cannot compete for the large jobs many agencies will have. SNAPS agreements have an annual ceiling of $ 150,000.

The California Franchise Tax Board formed a strategic partnership with two qualified vendon in order to upgrade and replace their tax collection system. Rather than draw up detailed bid specificarions. the Tax Board presented pre-screened vendors with a statement of their problem and asked for responses in the form of workable solutions. Once a

vendor was selected. the contract was then negotiated The Tax **Board** financed the project from the savings and new revenue generated by the henefits of automalion.

For one of the three systems installed under the partnership. the payback was live times higher than what was originally estimated. As a result, the vendor was paid hack for its investment in **five** months rather than two years. The project took only four months to complete compared to the average 18 to 24 months for a project of rhis sire.

The state of New York's procurerncnt statute provides the oppununits for agencies to enter into strategic partnerships for the enhancement of the business interests of the state. These partnerships arc formed by amendment to existing contacts. enabling the state and the vendor to jointly develop new commodities and services not otherwise available. Partnerships may also include the sharing of expertise. **efforts**and resources.

New Mexico's typical information system procurement has a fixed minimum term with a series of optional one-year renewals up to the statutory limit. The contract terms arid renewal options are established in the RFP wed for the original solicitalion. which eliminates the need for any extraordinary procurement **measures.** I f the relationship between the state agency and the vendor is satisfactory, the agency may exercise one or more renewal options. Where it makes sense to do so, multiple agencies may collaborate on a procurement and share the services of a common contractor. Multiple agency price agreements are also an effective procurement vehicle for some situations.

Until recently. the mechanism for the purchase of PC hardware and software in Missouri state government consisted of the bidding and issuance of a statewide contract for a specific technology for a fixed price for a fixed period of time. More than 70 PC-related contracts and dramatic and rapid changes in the computer market created a very expensive arid time-consuming problem for the state.

A project team was formed to identify and solve the problems surrounding the purchase of PC hardware, software. support. maintenance and training. The team ended up conceptually changing the way Missouri state government purchases technology and saved the state approximately $10.000,000 over live years.

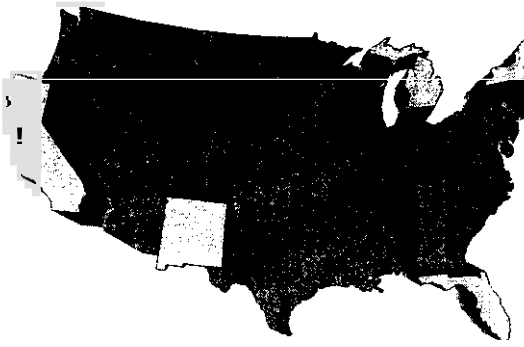
The team developed objectives and measurable outcomes to guide the development of a new PC contracting [illegible] Objectives include

- Insure service [illegible] and customer satisfaction are monitored and improved.
- Leverage the state's buying power to obtain the best possible pricing.
- Ease the effort required to purchase products, obtain support and acquire training.

Some of the outcomes the team identified are:

- A single vendor serving as the "single point of contact" for all **PC** and PC-related hardware, software, maintenance, support and training.
- Prices and product offerings automatically change with the market.
- A product and services catalog with current products and prices on the Web.
- A long-term service partnership between the state and the vendor. Contract performance in priority service functions and customer satisfaction monitored and measured against mutually agreeable goals.
- Performance documented through vendor-prepared reports, particularly in the areas of hardware and software sales, maintenance and help desk calls and response times.

An oversight committee, consisting of state and vendor personnel. meets regularly to monitor performance issues which are directly related to the original objectives and goals the team outlined.



PROBLEM-ORIENTED BIDS

When an agency writes a technology bid that briefly states **tlie** problem. leaving out derailed specificatiom, it allows vendors. who are subject matter experts. to use their discretion and creativity to offer an innovative solution. Vendors are more willing to share in the project's risk when they offer a solution of their own design that they believe will work. That's tlie central idea behind problem solicitations.

Before stating their problem. however, **an** agency must understand what it needs. While this sounds contradictory, an agency must have relevant information about its situation in order to decide what is the best solution offered by the vendors. An agency can learn about its needs through business process reengineering (BPR). With BPR. an agency will better understand what it wants to accomplish and then can **set** benchmarks for **the** vendor to ensure that the problem is solved correctly.

Another issue concerns accountability. By allowing vendors to define the scope of the project — the outcome, etc. — a agency may not be in a position to define deliverables that ensure the project accomplishes what it is supposed IO. One solution is to create a multi-step process. where vendor and agency agree on certain deliverables that must be met by certain deadlines. That way. **an** agency can gauge the projecr's progress at predetemiined stages.

A third issue has to do with cost containment. One state's experience with problem bids found that while the procure ment method indeed led to better products, training and services from vendon. **costs** tended to rise. as result. In the long run. however. the increase in quality raised the bar for other vendors and. eventually, prices started to come down as competition at the new level increased.

To get started with problem-oriented bids, some states use a simple method **of** problem-oriented bids by issuing **a** Request For Inforniation (RFI), which gives die vendor community the opportunity to use its discretion arid creativity to offer innovative solutions prior to the actual procurement. This also has the effect of putting the procurement on the radar screen of potential vendors early in the procurement cycle. thereby improving the likelihood of more bids. Other states, such as Indiana. **use** hybrid RFPs that will state a portion of tlie bid in the form of a problem. Many agencies know what they want to do. but don't understand one particular **aspect** of the project. The hybrid problem RFP can address those specific uncertainties.

Who's Writing Problem-Oriented Bids?

Indiana uses a hsbrid form of problem RFPs. An agency may have a question concerning only Dart **of** the procurement while the rest is understood. For the part in question, the agency will write its request in the form of a problem for the vendor to solve. These hybrid RFPs hare become more common as agencies increasingly invest in technology

Michigan **has** reduced tlie development time **of** its bids by using **a** "solutions-based" solicitation. which requires the bidders to propose a solution to a specific problem or objective. Solutions must be based **on** proren technologies and/or systems that are currently being used in public and private sector

The California Franchise Tax Board also stated its bid in the form of a problem rather than specifying the details of the bid. The Board reported significant benefits from the new approach *(see* page 5 "Who's Forming Partnerships.)

In at least some major procurements. California uses a multi-staged process. in which they first request a high-level concept paper from vendors. They then engage in discussions with responsive tendon. and then request a niore detailed **proposal** from each based on a more detailed set **of** requirements. This may continue through several iterations of detail. Through this process and until the final submission. vendon do not provide actual pricing and are free to disengage from the process. Although this process is more time-consuming and more **costly** than a single-phase procurement, it allows the state **to** refine its requirements based on vendor input. and it allows vendors to fully understand exactly what the state is looking for.

Vendors are more willing to share in the project's risk when they offer a solution of their own design that they believe will work.

The result may be a greater likelihood of responsive proposais from qualified bidden. The state then can make a selection. It is quite possible that the state also gels more innovative ideas at an early stage. Vendors are reluctant to incorporate innovative, but unsolicited. features in a bid, if those features will increase price and make the bid non-competitive. The California approach allows the state to weigh the cost-benefit of innovative ideas presented in early stages. refine their requirements and provide that information so all vendors can respond.

In an effort to streamline the bidding process, the state of New York has established backdrop contracts in the computer consulting and training areas which function essentially as a prequalified bidder list. New vendors are continuously recruited based on their responses to an open bid. Agencies and localities conduct a mini-bid process to prequalified vendors based on individual project definitions in order to determine best value/lowest price. This reduces the bidding process to six weeks. New York plans on expanding this concept to integralion services in die near future. Vendors who can provide a total solution including hardware. software, and services will be able to offer proposal through the mini-bid process.

Resources

This report has been developed by the National Association of State Purchasing Officials National Association of State Information Resource Executives and the National Association of State Directors of Administration and General Services as part of a Joint Information Technology Procurement Project.

For more information on how you can put these practices into place. please contact:

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The report may also be found at the NASPO. NASIRE and NASDAGS homepages:

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www.nasire.org
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BUYING SMART

BLUEPRINT FOR ACTION

Putting Procurement Reform into Action

Every state must form its own approach to procurement reform. In general. the best place to start is by examin ing your current practices and the legal and regulatory environment within your state as it applies to procurement Then, develop a plan that outlines the goals your state wants to accomplish in terms of reforming the procurement of information technology, keeping in mind the various procurement methods available as described in this report. and developing and exploiting the EC infrastructure that supports your procurements.

Next, look within this report for the procurement reform models that best suit what your state has set out to accomplisli. Here's a brief summary of the findings in Buying Smart II: A Blueprint for Action —

Best value procurements ensure that a product or service is purchased based on all relevant factors besides cost. Best value works when an agency trains its staff well on its philosophies and methodologies. educates vendors on how best value works wid documents the evaluation process well.

Partnerships are based on vendor-agency relationships that support mutually-beneficial goals and shared risks. For partnerships to succeed. they should he long-term. produce measurable resulrs. and be based on open communications

Problem-orientedbids allow vendors to use their expertise. discretion and creativity to offer states innovative technology solutions. For problem bids to succeed. stater must be prepared to use business-processreengineering to better identify the problems they want solved. find ways to measure deliverables to ensure they get their moneys worth. and keep an eye on costs.

Once you have coiiipleted your planning process, practitioners of procurement reforni highly recommend that you waste little time taking action with procurement reform within your state. As one procurement official simply put it, 'just do it!" For some last minute guidance, here are some rips on getting started taken from real state experiences:

- Simplify the procurement of commodity items and services relating to computer technology
- Identify the stakeholders. Include those from procure ment, infomiation technology, legal. finance and user agencies. Consider input from the business community.
- Talk with states that have already reformed their procurement systems. You can find valuable contacts and resources at one of the three organizations that produced this report (see page 8). Check the Internet listserv forum that exists within your organization for information and queries relating to best value, partnerships and problem-oriented bids. Post drafts of your methodologies for coinments from fellow members.
- Become familiar with the range of procurement reform strategies that can benefit your government.
- Set priorities.
- Start with procurements that will have the most immediate effect and best payback.
- Develop a strategic framework for reform.
- Keep evervone informed of your goals and intentions. including the vendor community.

For more information on how you can put these services into place, contact:

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