



# South Carolina

participation in the

## WSCA

### Western States Contracting Alliance

**Multi State Cooperative Purchase of  
Personal Computers and Peripherals**





# The Power of Volume Purchasing

## WSCA

Interstate Cooperative Purchases  
\$2,663,222,838

## South Carolina

State Term Contract Purchases  
\$275,000,000

*Cumulative Volume October 1, 1999 - September 30, 2002*





# **32** States Currently Participate in the **Western States Contracting Alliance**

ALASKA  
ARIZONA  
CALIFORNIA  
COLORADO  
CONNECTICUT  
FLORIDA  
GEORGIA  
HAWAII

IOWA  
INDIANA  
ILLINOIS  
KANSAS  
LOUISIANA  
MARYLAND  
MICHIGAN  
MINNESOTA

MISSOURI  
MONTANA  
NORTH DAKOTA  
NEBRASKA  
NEW MEXICO  
NEVADA  
OKLAHOMA  
OREGON

RHODE ISLAND  
SOUTH DAKOTA  
TEXAS  
UTAH  
VERMONT  
WASHINGTON  
WISCONSIN  
WYOMING





# Authorization

## **11-35-4810. Cooperative Purchasing Authorized.**

Any public procurement unit may participate in, sponsor, conduct, or administer a cooperative purchasing agreement for the procurement of any supplies, services or construction with one or more public procurement units or external procurement activities in accordance with an agreement entered into between the participants. Such cooperative purchasing may include, but is not limited to, joint or multi-party contracts between public procurement units and open-ended state public procurement unit contracts which shall be made available to local public procurement units, except as provided in Section 11-35-4820 or except as may otherwise be limited by the board through regulations.

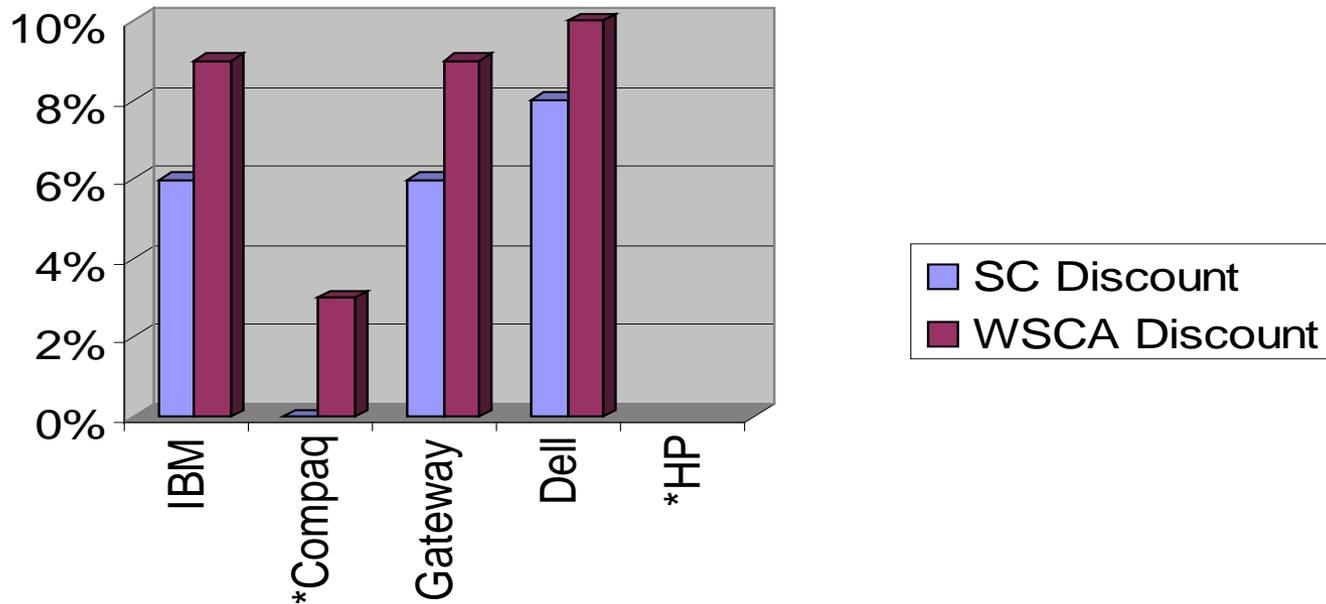
*However, thirty days notice of a proposed multi-state solicitation shall be provided through central advertising and such contracts may only be awarded to manufacturers who will be distributing the products to South Carolina governmental bodies through South Carolina vendors.*

**Exemption: 131 11/04/97** Granted an exemption from the Consolidated Procurement Code to allow the Office of General Services the authority to identify high volume procurement items such as office supplies, office equipment, information technology products, vehicles, petroleum products and pharmaceutical products that are used in the operation and the administration of state government which are suited for pursuant to multi-state cooperative agreements and to enter into those agreements using procurement procedures appropriate for each transaction and agreeable to the participating states in those instances in which clear cost savings can be realized.





## SC vs WSCA Discounts



\*Compaq WSCA discount ranges from 3% to 27%

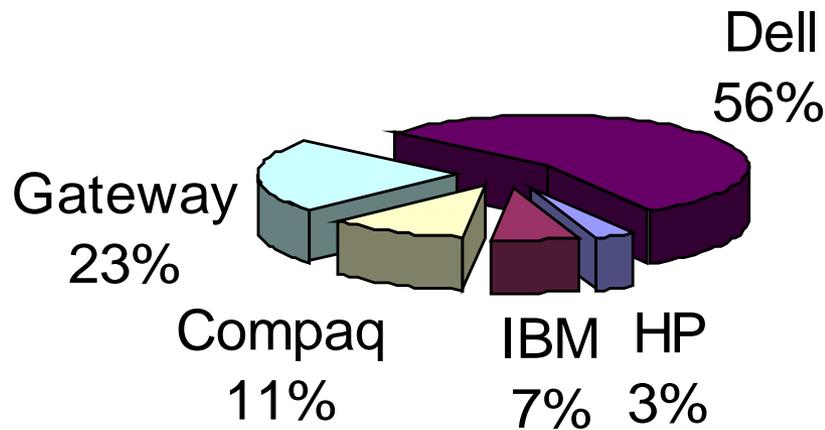
\*HP is being added to WSCA Feb. 2003

South Carolina approached the WSCA discounts with a Bulk Purchase however, processing time created deployment delays of up to 3 months.





## SC PC Purchases FY 2002 by Manufacturer



**Total Purchases: \$75,820,102**





# Potential Savings

## Based on FY 2002 Purchases

				<b><u>\$75,820,102.74</u></b>	<b><u>\$ 1,617,146.82</u></b>
<b>IBM</b>	<b>10%</b>	<b>10%</b>	<b>0%</b>	\$5,602,052.29	\$ -
<b>*Compaq</b>	<b>0%</b>	<b>3%</b>	<b>3%</b>	\$8,464,182.64	\$ 253,925.48
<b>Gateway</b>	<b>6%</b>	<b>9%</b>	<b>3%</b>	\$17,356,148.86	\$ 520,684.47
<b>Dell</b>	<b>8%</b>	<b>10%</b>	<b>2%</b>	\$42,126,843.61	\$ 842,536.87
<b>*HP</b>				\$2,270,875.34	

\*Compaq's discount ranges from 3% to 27%

\*HP is being added to WSCA Feb. 2003



## Built-in Bulk Purchasing on WSCA

**SC** generated \$350,000 savings with bulk purchase so far this FY. Quarterly buys are scheduled for the remainder of FY 03. There are some administrative requirements to aggregate orders and negotiate with vendors. Agencies must wait for the quarterly buy to receive the savings.

**WSCA** provides built in bulk discounts:

\$25,000.00-\$49,999.99 Dollar Volume: Greater than or Equal to 1%
\$50,000.00-\$99,999.99 Dollar Volume: Greater than or Equal to 2%
\$100,000.00-\$249,999.99 Dollar Volume: Greater than or Equal to 4%
\$250,000.00-\$499,999.99 Dollar Volume: Greater than or Equal to 6%
\$500,000.00 and above Dollar Volume: Greater than or Equal to 8%





# Soft-Dollar Savings

## Contract Administration:

### SC

ITMO buyer receives, reviews, and posts all price and product changes to the Internet. Auditing is on an exception basis. *(requires 1/2 FTE)*

### WSCA

Administered by the State of New Mexico.

Vendor Performance Audited by the State of Washington.

## Additional Potential Savings:

Addition of new products: PDAs and other small items. SC does not have the staff to contract for small items.

SC maintains its own contracts for PC peripherals. Some could be eliminated resulting in additional savings. Example: SC maintains a laser printer contracts. *(requires 1/2 FTE )*





# Advantages

**Cost Savings**

**Addition Products and Services**

**Replacement of Existing Contracts**

**Reduction in Administrative Overhead**

**Potential Revenue Generation**

**(CIO could retain a portion of the savings generated)**





# Administrative Fee

Year	Total PC Purchases	1% Administrative Fee
1999	\$ 80,945,530.10	\$ 809,455.30
2000	\$ 117,232,120.65	\$ 1,172,321.21
2001	\$ 83,942,998.34	\$ 839,429.98
2002	\$ 77,256,545.77	\$ 772,565.46
<b>Average</b>	<b>\$ 89,844,298.72</b>	<b>\$ 898,442.99</b>





# Disadvantages

Three manufacturers currently use dealers to market their products to South Carolina under existing state term contracts.

These manufacturers account for 22% of the State's purchases.

Under WSCA, the revenue to these dealers would be reduced.

The impact on South Carolina dealers should be minimal.

	<b>SC Dealers</b>	<b>Out of State</b>	<b>Total Dollars</b>
<b>IBM</b>	10	6	\$5,602,052.29
<b>Compaq</b>	10	7	\$8,464,182.64
<b>HP</b>	9	7	\$2,270,875.34
<b>Gateway</b>	0	1	\$17,356,148.86
<b>Dell</b>	0	1	\$42,126,843.61





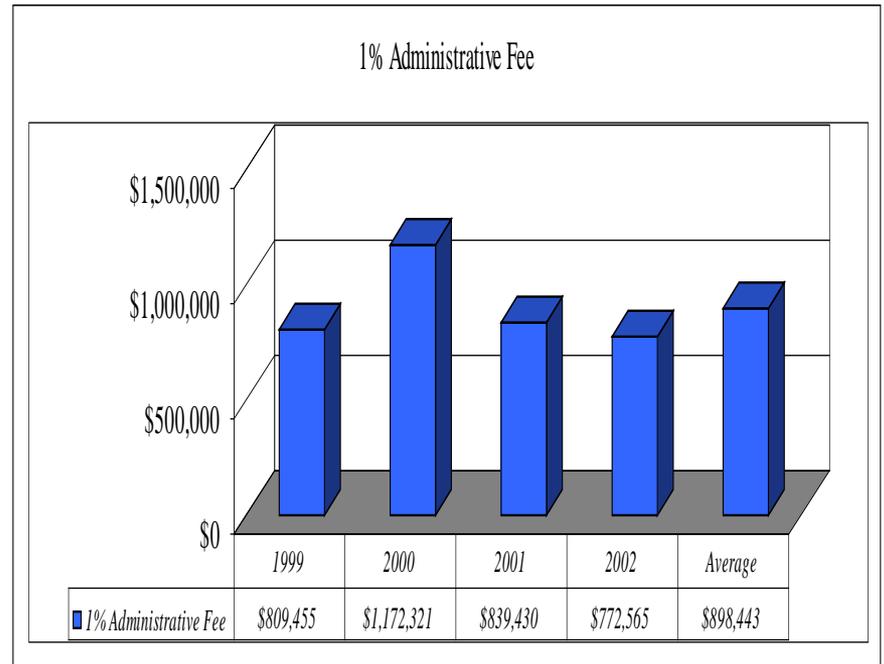
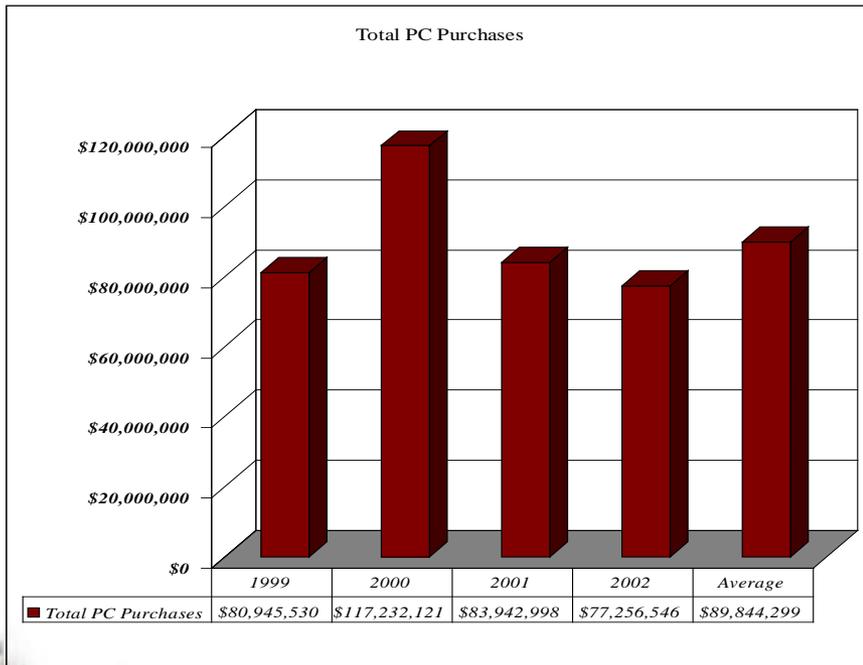
## Moving forward with **SC** Participation in **WSCA**

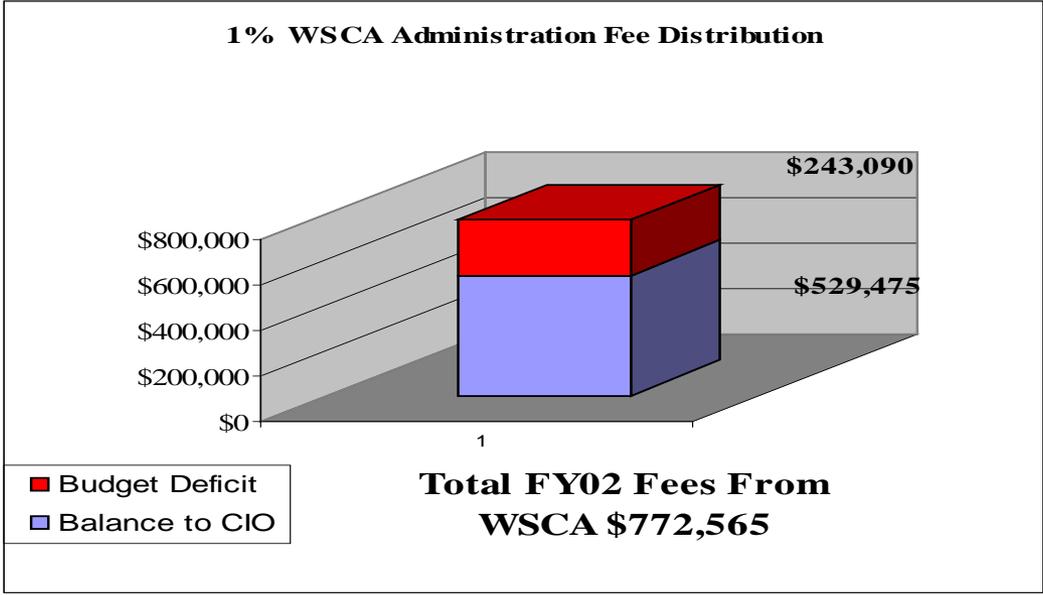
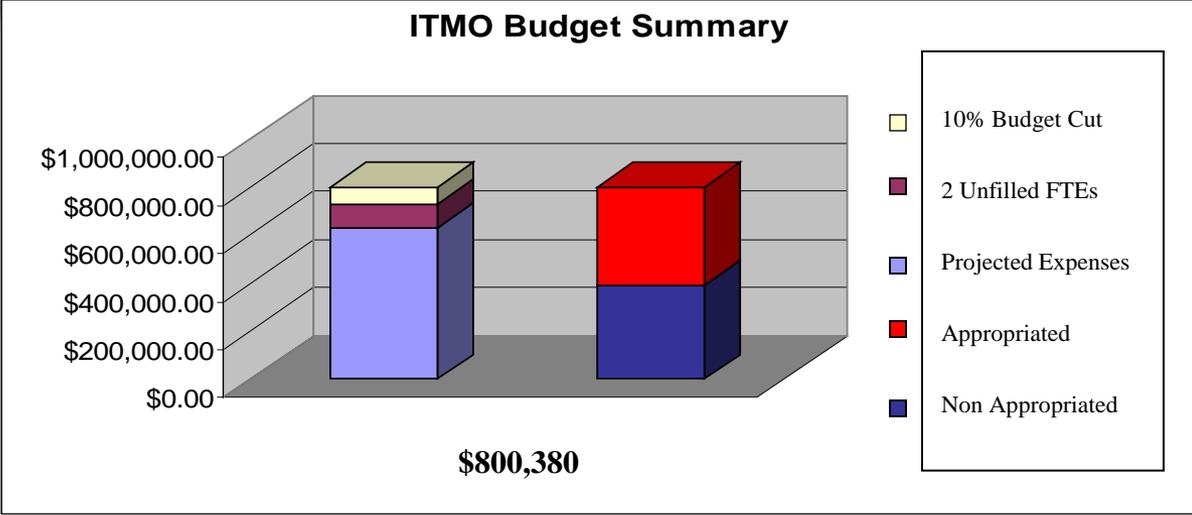
- Legal Review. (completed)
- Begin advertising our intentions in SCBO and on ITMO's web site for 30 days. Receive public comment.
- Start negotiating SC terms and conditions with the manufacturers.





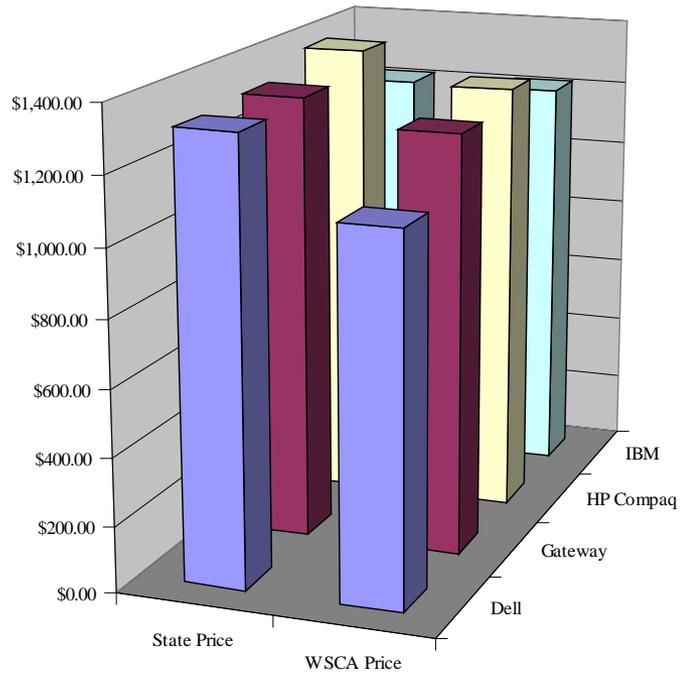
## WSCA 1% Administration Fee







## Standard Configuration Comparison



	State Price	WSCA Price
■ Dell	\$1,316.13	\$1,090.71
■ Gateway	\$1,328.18	\$1,253.00
■ HP Compaq	\$1,391.47	\$1,300.00
■ IBM	\$1,217.65	\$1,217.65