

1. Executive Summary

The Dell brand has been the standard for technology hardware in Lee County for over 10 years. It has been acquired via a piggyback of the Western States Contract Alliance (WSCA) contract for the past several years. With the WSCA contract having expired on March 31, 2015, approval is requested from the Board to continue to purchase Dell products using the new NASPO ValuePoint (the successor organization to WSCA) contract effective September 2, 2015.

2. Issue

The issue is to determine both why Dell should be the brand of choice and the best way to acquire Dell hardware on an as-needed basis for County-wide use. The decision must leverage the County's current technology investment in Dell while taking into consideration return on investment, indirect costs, total cost of ownership, service, support, and initial purchase price.

3. Business Opportunity

The opportunity exists to examine if and why continued exclusive use of the Dell product makes sense both fiscally and technologically for the County's business model. The question that must be asked is: Why Dell?

Gartner conducted research to evaluate the major players in the Desktop and Laptop industry in November 2014. Based on this study, the three companies that were considered to be the strongest "leaders" in the market were Lenovo, Dell and HP. This study was conducted to assist organizations with their selection of the right PC vendor. Vendors were evaluated using two major criteria: ability to execute and completeness of vision. While HP registered high scores, Lenovo and Dell registered the highest scores on both selection criteria. ITG's familiarity with Dell products enhances the department's ability to deploy, service and troubleshoot these products. This in turn leads to a better user experience.

The City of Indianapolis and Marion County issued an RFP for a PC vendor in December 2014. They received proposals from the three main leaders in the market: HP, an HP reseller and Dell. After careful consideration, they selected Dell. One of the main determining factors of their decision was the cost. Dell was \$2 million cheaper over a 5 year agreement than the other two companies.

4. Project Goals

The goal is to determine whether or not the Dell brand is the best technological choice for Lee County moving forward; and, if it is, what is the most cost-effective way to purchase it.

5. Costs

The estimated annual expenditure for technology hardware is \$1.5 million dollars. The discount offered by the NASPO ValuePoint contract is a minimum of 13.5% (4% for tablet devices) with the ability to negotiate greater discounts on large volume purchases (such as the County's annual refresh PC buy). Annual savings to the County: \$150,000 (based on an average discount of 10% on a spend of \$1.5 million).

6. **Cost-Benefit Analysis**

From ITG's viewpoint there are several cost-benefit "intangible" items to consider:

- ITG Desktop Technicians are trained on specific Dell hardware and models. This "familiarity factor" enables the technicians to expedite serviceability.
- Knowledge of available Dell support tools enables faster troubleshooting of computer issues.
- Computer images are built based on the hardware model. If the brand/models change, new images will have to be built thus slowing down computer deployments. Further, older images will need to be maintained for the lifetime of remaining Dell machines until they are refreshed.
- Dell regularly provides previews of its upcoming computer and server models called "roadmap discussions". While a new vendor would also schedule such discussions; ITG staff would have to invest valuable time to learn the product lines and technologies in order to make recommendations for technology refreshes and product changes.
- The use of the NASPO ValuePoint contract enables ITG staff to work directly with Dell for end to end computer solutions. An alternate acquisition methodology or brand choice may lead to interfacing with multiple vendors and/or account representatives; thus eliminating the inherent advantages now enjoyed by working with a single point of contact for both computer and server needs.
- Spare parts and computers are kept in surplus inventory to speed up repairs. This surplus inventory would need to be expanded (at an increased cost) were a new PC brand/vendor be selected.
- Docking stations for laptops would need to be replaced as part of transitioning from Dell to a different vendor. Dell docking stations are a universal fit for all in-stock Dell branded laptops. The introduction of a different brand to the inventory would necessitate a parallel set of docking stations to be kept in inventory for that brand.
- ITG currently leverages Dell chassis technology to house the County's VM (virtual machine) environment. This new infrastructure was purchased in 2012. Additional modular servers should be Dell to be compatible with the chassis.

Procurement researched the cost-benefit analysis component first from a cost standpoint then looked at the intangibles.

Cost Comparison - A price sampling was done using NASPO ValuePoint, a direct quote from a Dell re-seller, and on-line. The results follow:

<u>Device</u>	<u>NASPO</u>	<u>Re-seller</u>	<u>On-line</u>
Desktop PC	\$825.00	\$920.00	\$900.00
Laptop PC	\$1,575.00	\$1,630.00	\$1,610.00
Tablet	\$1,287.00	\$1,489.00	\$1,285.00

Intangibles from Procurement's viewpoint:

- The NASPO ValuePoint contract enables the County to negotiate greater discounts on larger orders. This flexibility is not available in either the sealed bid with a re-seller or through the on-line scenarios.

- The NASPO ValuePoint contract provides a guaranteed and fixed discount structure. Sealed bids and on-line are at the mercy of market conditions which may drive the price up.
- Re-sellers and on-line retailers sell a wide variety of products vs. Dell which sells only their own. A direct purchase from Dell gives the County the inherent product expertise and support not available from re-seller or on-line.
- NASPO ValuePoint enables the County to be a direct partner with Dell resulting in quicker and easier warranty claims and resolution

7. Recommendation

It is the recommendation of ITG and Procurement Management that Dell brand hardware continue to be purchased; and that the most cost effective way to acquire it is via the NASPO ValuePoint contract. With the proximity of Dell in Gartner's magic quadrant and the familiarity with Dell products, ITG recommends the continued use of Dell products via the new NASPO ValuePoint contract. The value adds that the NASPO ValuePoint/Dell relationship brings to the equation together with the flexibility of the discount schedule brings Procurement into concurrence with the ITG recommendation.