Oklahoma and Texas Shared Information Technology Contracts: Pilot Program

Cross-Boundary Collaboration and Partnerships

Contact: Bo Reese, Chief Information Officer,
bo.reese@omes.ok.gov, 405-521-4252
Office of Management and Enterprise Services
Information Services
State of Oklahoma

Contact: Todd Kimbriel, Interim Chief Information Officer
and Interim Executive Director,
todd.kimbriel@dir.texas.gov, 512-475-0579
Texas Department of Information Resources
State of Texas

OFFICE OF MANAGEMENT & ENTERPRISE SERVICES

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Executive Summary

In 2013, Oklahoma Gov. May Fallin announced OpenRange, a program to remove obstacles, promote leading practices and encourage collaboration among Oklahoma agencies and government affiliates. OpenRange began outreach and promotion efforts to assist government affiliates with technology needs. Technology advisory councils were formed, and it became apparent many of the solutions required a leveraged information technology product and services contract vehicle.

The problem was apparent. There was more need for contracting vehicles than there were IT procurement resources to create competitively bid contracts.

The chief operations officer for Information Services in the Office of Management and Enterprise Services reached out to the director of the Texas Department of Information Resources to collaborate on a beneficial solution for both states. With the assistance of legal teams, Texas and Oklahoma created an agreement for each state to be the preferred source of the other's IT contracts.

Since the execution of the cross-boundary collaboration, Oklahoma has helped its agencies and affiliates and Oklahoma taxpayers by providing more efficient and leveraged contracting options.

Business Problem and Solution

Background

In February 2013, Oklahoma Gov. Mary Fallin introduced OpenRange, a program to provide shared IT services and procurement contracts for State of Oklahoma government affiliates. OpenRange assists affiliates by providing IT procurement contracts that have already been negotiated and leveraged by the state. With economies of scale, the program illustrates how saving time and money for government entities can save taxpayer dollars, the end goal. OpenRange initially formed a technology advisory council to assist Oklahoma's K-12 schools with technology needs and purchasing vehicles. As the program grew, OpenRange began reaching out to additional audiences and learned of contracting voids within cities, counties, libraries, hospitals, museums and other government entities.

The Problem

OpenRange identified the need for as many as 20 contract categories to assist affiliates with their goals. Several of the contract solutions could be useful for multiple agencies. Oklahoma already had numerous statewide contracts in place but had not established enough contracts to fulfill the needs of state agencies and Oklahoma's growing IT environment. The IT procurement department lacked experienced contracting officers to address the needs identified by the OpenRange program, as well as those of the state. Developing, soliciting, evaluating and awarding contracts were lengthy processes without a timely solution because resources were being used almost exclusively for agency and enterprise-level contracting functions.

The Solution

The agreement allowing Oklahoma to use Texas as its preferred source of IT contracts is the solution. Texas Department of Information Resources has a large staff of contracting officers dedicated to providing competitively bid IT contracts on a wide range of products and services. The agreement allows OMES to adopt contracts and negotiate terms with vendors that do not diminish the intent and integrity of the master Texas contract. With this vehicle in place, OMES has been able to execute and announce IT contracts in a shorter period of time thus providing more contracts with better leveraged pricing.

Cooperative contracting is a preferential way of purchasing commodities. The agreement provides the leverage of multiple entities and drives additional volume through a competitively bid product available to many participants at once.

Texas has hundreds of contracts across an array of products and services. An Oklahoma committee decided what contracts were needed and beneficial to the widest group of entities; and then prioritized the contracts for the legal team to review and begin vendor negotiations.

The ideas for legal contract review came from many places: affiliate needs identified through OpenRange, agency needs identified through agency business segment directors, OMES internal service owners and vendors requesting to be included for consideration.

Significance and Benefits

Project Significance: Improved Government

The execution of the Oklahoma and Texas agreement has provided advantages and unanticipated gains for Oklahomans.

In addition to providing competitively priced products and services to Oklahoma, the agreement allows for the sharing of administrative contract-management fees. Oklahoma has gained revenue to defray procurement costs while improving contract options. Sales associated with Oklahoma's use of the Texas contracts are identified quarterly, and the states equally split administration fees.

Through the growth and goodwill brought about by the agreement, Oklahoma has been able to participate in Texas solicitations and provide input as well as provide additional sales volumes for negotiation. There has been a considerable amount of information sharing regarding processes and best practices. The Oklahoma IT procurement department was established in 2011 and is still maturing compared to the Texas department, which has six years of experience. The information gained has been valuable to Oklahoma's success in creating an effective IT procurement organization.

Benefits of the project

Aligning with the NASCIO state CIO top 10 priorities for 2015, the agreement reduces and avoids costs for Oklahoma while collaborating and strategizing savings with Texas.

During the program period, OMES put in place 12 contracts that addressed some of its most urgent needs, including risk assessment, IT assessment services, technology leasing options, cloud services and deliverables-based IT staffing services. The time saved to adopt and execute the Texas contracts compared to the time it would have taken to procure these contacts through the State of Oklahoma was significant (See Chart 1). IT procurement resources saved 11 weeks of contracting time. Revenue realized by OMES from June 2014 through November 2014 for contract administrative-fee sharing was more than $10,000.

OMES recently used an existing Texas contract to lease 10,000 desktop and laptop computers and services for the Oklahoma Department of Human Services. The arrangement includes an option to renew services and replace computers. Using the Texas contract, the state agency saved more than $3.1 million, and the purchase took eight weeks from request to delivery. Previously, it would have taken four months.

Texas also benefits from the deal as cooperative purchasing drives down cost and increases vendor diversity for both states. “Our partnership with Oklahoma shows the power of collaboration in technology purchasing, and we appreciate this opportunity for innovation with our neighbor to the north,” said then Texas Chief Information Officer Karen Robinson.

This agreement is the first of its kind for Oklahoma and Texas. “Partnering with Texas helps OMES, in our role as Oklahoma’s unified technology provider, greatly enhance our ability to provide partner agencies with better technology options at competitive costs,” said Oklahoma Chief Information Officer Bo Reese.

Chart 1