



2016 NASPO Cronin Award Nomination

Radio Equipment and Services

**Submitted on behalf of the Department of General Services (DGS)
Central Procurement Office**

Contributors:
Richard Kotler

Nominator:
Mike Perry

Executive Summary

Across state governments, procuring radio equipment and associated services is a significant challenge due to the complexity of products and respective government needs. In a story familiar to procurement professionals across the country, the radio equipment category exemplifies the tension between procurement control and customer service. Radio equipment is the embodiment of this tension – ensuring the most appropriate products are procured at the right price, while ensuring customer needs are met, in a timely fashion – because of the unique layers of product complexity, user preference, proprietary technology, and installed bases that exist. In 2014, Tennessee recognized an opportunity to improve the procurement process, from solicitation development to contract management, creating a greatly improved methodology for procuring radios equipment and associated services in a way that readily meets stakeholder needs, while ensuring an appropriate level of control and competition, and is transferrable to our fellow public procurement professionals.

In 2014, Tennessee had multiple radios contracts, each reflecting unique, isolated areas of need. Three contracts, each established in 2010 with one year terms, provided for two-way radios, UHF/VHF portable radios and maintenance and parts. It was recognized that these contracts were limited and restrictive as to products, cumbersome to purchase from, and potentially lacking in competitive prices. Due to the challenges of evolving technology and requirements and resulting issues for solicitation development, the contracts were extended/amended four times, thereby carrying over existing contract issues.

The CPO established a broad-based stakeholder committee to oversee the procurement process and ensured vendor participation in the development of the specifications. This facilitated the use of several innovative approaches and methods to accomplish our goals, including:

- **Consolidating three basic radios and maintenance contracts** into a single comprehensive contract covering all radio equipment, associated services, maintenance, infrastructure, and test equipment;
- **Balancing end user needs while ensuring highly competitive pricing** through the procurement and contracting process, which allows both manufacturers and dealers to offer extensive product lines at discount prices;
- **Creating an innovative contract** vehicle allowing technology evolution without contract amendment;
- **Improving contract management** issues through development of new Key Performance Indicators (KPIs);
- **Improving asset management** issues through a new vendor-supported asset tagging program; and,
- **Achieving significant contract savings**, including an 11% discount over previous pricing, and additional discounts through continual pricing negotiations (additional negotiated discounts for large quantity purchases have yielded \$2.4M YTD in additional savings).

Innovation

In creating a new radios solicitation and contract, the CPO's primary goal was to create a procurement that resolved critical issues confronting contract users. We sought to do this in the most innovative way possible by engaging the vendor community to refine specifications and establish our intent to create a competitive contract. We also identified and engaged radios experts throughout the procurement process, and will continue through the life cycle of the resulting contracts.

- **Establishing a Radios Steering Committee:** A stakeholder committee was established to determine the scope of the new contract and identify internal resources that, although not able to develop the precise details of a specification, had extensive backgrounds in repair, use and functioning that would allow more "technical writer(s)" to convert language to detailed product specifications.
- **Engaging the Vendor Community:** Eight radios vendors participated in a series of discussions to define and refine radios specifications in the solicitation. This was crucial to avoid too-narrow specifications and maximize vendor competition, yet still allow agencies to meet their needs.

As a result of engaging the Radio Steering Committee and vendor community, the CPO identified 14 product families: Analog Base Stations, P25 Compliant Base Stations, Analog Repeater, P25 Compliant Repeaters, Analog Mobile, P25 Compliant Mobile, Analog Portable, P25 Compliant Portable, P25 Compliant Vehicular, Analog Vehicular Repeaters, Dispatch Consoles, Microwave, Compliant Infrastructure, and Radio Test Equipment. Although the number of product families is high, such structuring provided a base for product expansion as each technology takes its next evolutionary growth step. Similarly, it facilitates ordering simplicity, easy transition of existing equipment from vehicle to vehicle, and accommodation of technology advances as the state's infrastructure is built and evolves. The breadth of our contract and its accompanying structure allowed:

- **A varied group of vendor responses**, from the large manufacturers to specialty equipment providers and small maintenance-oriented firms, via multiple contract awards. Specifications developed with the help of various stakeholders and the vendor community allowed participation in each of the 14 product families and helped identify true sole source needs. With enhanced participation, the State established a process where non-sole source products could be competitively priced and acquired via a 2nd tier "constant compete" process. In addition, the vendor community is continually encouraged to revisit their pricing and product offerings through additional negotiations associated with large purchase orders;
- **Manufacturer and dealer network involvement**, which allowed local governments the same discounts and pricing as the state receives on a manufacturer-direct basis, and allowed various contract users to meet small business and diversity goals;
- **Continuously updated technology**, through specialized contract language which enables the state to add lines, items, or options that are within the contract scope under an agreed to Memorandum of Understanding without formally amending the contract;

- **Innovative KPIs**, including: Return Material Authorization Timeliness, Warranty Expiration Tracking, Technical/Help Desk Support Service Levels, and Repair Cycle Times in addition to more traditional KPIs such as Shipping and Invoicing. Tennessee's KPIs offer a new approach to requirements and protection. Please see Attachment A for all radios KPIs.

Service Improvement

Tennessee's previous radios contracts were restrictive, time consuming, and expensive. For example, a contract amendment was previously required to purchase any product or service not specifically enumerated. Further, potentially overly restrictive specifications could limit competition. Instances of primary users requiring sole source products occurred regularly. Similarly, previous contracts contained no requirements around encouraging competition. Contract users were able to issue large purchases to a single vendor in instances where multiple vendors may have been able provide functionally equivalent products. Finally, detailed asset tracking was hindered by the process of matching invoices to the various product components purchased.

Tennessee sought to improve services and remedy past contract problems through its innovative procurement process described above. Tennessee is proud to write that the procurement and resulting contract have initially resulted in tremendous service improvements, including:

- **Asset management:** Through a specialized contract quotation process, Tennessee can now readily track purchased radio equipment. In order to do so, Tennessee developed a specialized quote form which mandates a specific asset tag based on the unique contract line item ID's. Asset tags are generic items ID's based on the product family as opposed to the individual serial number of each radio product. Contract users can now use these asset tags to create repetitive purchases. Previously, contract users had to wait until the product was delivered before asset tagging could begin. With utilization of this form, it is possible to use individual parts within a quote to create a new ID that is specific to the configured model and thereby issue repeated orders, saving agencies time on future purchases. Please see Attachment B for a sample Quote Template.
- **KPIs:** One of the most important KPI's listed above in "Innovation" is the Warranty Expiration Report, which gives contract users a status as to when warranties (whether basic or extended) expire on a quarterly bases. Similarly, it allows various action items to be taken, such as extending or renewing product warranties. Please see Attachment C for a sample Warranty Expiration Report.

Finally, Tennessee held training sessions with contract users at their own office locations to ensure that all available procurement personnel could attend. Training sessions consisted of three elements: a presentation of the contract results, instructions on how to use available contracts, and a live demonstration of the contracts on the State's ERP system. More specifically, trainings instructed contract users on how to use catalogs, accurately identify and meet sole source requirements, utilize quote forms (as well as how to engage the multiple vendors for a quote), and generate requisitions and work flow for approvals and constant compete.

Transferability

Tennessee's procurement process is inherently transferable to other states, especially those willing to step away from standard ITB or RFP models. For states that struggle with developing specifications for radios products and have the ability to engage the vendor community, our procurement process will prove particularly useful. For example, the process used in Tennessee fills voids for procurement offices lacking technical skill sets or availability of expert radios resources. Similarly, the concepts, documents and contracts developed by Tennessee can be used or adapted by any state that wishes to partner with the vendor community in order to maintain a broad product portfolio and meet contract users' needs.

To facilitate the transfer of information to others, the contract is available through the state website which contains the method and language used to keep the technology current, along with workflows and the standardized quote process and format, and asset tagging capability. To date, 43 inquiries from local governments have been received regarding this contract. Most frequently, local governments submit inquiries regarding contract use, vendor involvement and pricing.

Cost Reduction

While the complexity of radios purchases makes like-for-like savings very difficult to calculate, Tennessee's new radios solicitation has nevertheless resulted in immediate validated savings. Due to additional negotiations on large dollar purchases allowed by the contract, Tennessee has saved \$2,382,594.00 to date. Similarly, among very limited "apples to apples" product comparisons (specifically for P25 Compliant and Analog Portables and Mobile units), the contract has yielded an 11% reduction on historical prices, resulting in \$283,620 in savings to date. Similarly, savings related to two-way and UHF/VHF radios have initially resulted in \$323,578.61 in validated savings. Finally, contract structural improvements have resulting in dramatic time reductions associated with contract use. For example, the Tennessee CPO has reduced contract management hours by an estimated 0.8 FTE. Agency contract users have reported similar improvements in contract use efficiency.

Conclusion

Through a unique and transferable procurement process, which included massive stakeholder involvement and specification development aided by the vendor community, Tennessee was able to overcome significant challenges in procuring radios equipment and services. In developing a new radios solicitation and subsequent contract, Tennessee accomplished the following:

- **An innovative contract**, which consolidated three basic radios and maintenance contracts, allows for technology evolution without contract amendment, and balances end user needs while ensuring highly competitive pricing;
- **Substantial service improvements**, including improved contract management through new KPI's, and enhanced asset management through vendor-supported asset tagging; and,
- **Significant contract savings**, including over \$2.5M in validated savings to date.