



Intelesys Education Series

How-To-Purchase VoIP Guide

Insights into best practices of education technology purchasing tools

Purchasing a VoIP Telephony Solution for State, Local, and Education in California

Through a twist of fate, someone, somewhere decided you should be part of the team to determine what type of technology your organization should use throughout the next decade for your telephone system. Typically, you fall into one of a few categories:

1. You are in IT and, therefore, must be the most qualified to figure out how everyone in your organization wants to use their telephone, voicemail, IM, etc.
2. You are in purchasing, you have some influence over the money, and therefore you are the best to determine what to buy.
3. Somewhere along your career you were involved in buying the last phone system. It worked for 15 years, so you did fairly well and perhaps you can do it again.
4. At some point you have used a phone, have helped someone else use their phone, have seen a phone, or have an intelligent pre-teen who has such a great phone that they call it a "smart phone."

Whatever brought you to this moment, you are now tasked with acquiring a significant piece of technology that everyone will use and have opinions on. For the next 10-15 years, you will be the "person" who was involved in buying *the phone system*.

Are you ready?

Determining the best path

Before you start asking Google, combing through websites, polling your co-workers, and opening those long-ignored email blasts, it is worth taking a moment to first decide how you are going to purchase your new system. This is not in reference to whether you pay cash or lease, go hosted or on-premise, or choose pink over blue.

Rather, the decision of the path you take to purchasing determines the entire process by which you will select and acquire your new technology. This guide is designed to present the basic technology procurement methods for state, local, and education entities in the State of California, and allow you to make the best choice for your organization.

The options you need to consider and select from are:

- **Government-negotiated and approved purchasing vehicles**
- **Internally-developed RFP/RFB/RFQ process**
- **Vendor-assisted RFP/RFB/RFQ process**
- **Outsourced RFP/RFB/RFQ process**
- **Entity-specific purchasing methods**

Government-negotiated and approved purchasing vehicles

Many state and federal institutions have recognized that the cost and complexity for smaller entities to purchase certain goods can be challenging. California, in particular, has two vehicles to use for purchasing VoIP telephone equipment and services.



Technology manufacturers may apply to these programs and submit their products for review. These products are analyzed and, once approved, become eligible for purchase under these agreements without the requirement of a formal RFP process. This saves state, local, and educational entities tens of thousands of dollars if they are able to successfully determine their own needs, foregoing the formal process.

Review the following information regarding NASPO ValuePoint (formerly WSCA-NASPO, the Western States Contracting Alliance - National Association of State Procurement Officers) and CMAS (California Municipal Award Schedules) to see how they might benefit your organization.

NASPO ValuePoint

Why would an organization want to use a cooperative contract?

There are many benefits to cooperative contracting. Collectively states are able to leverage their spending through a single solicitation that obtains best value pricing and superior contract terms. NASPO ValuePoint emphasizes best value from its contractors considering price, quality, reliability, warranties, and service while protecting states' interests with favorable terms and conditions.

Contractors also benefit considerably by avoiding the repetitive bid preparation expenses of bidding time and again on the same solicitations for different jurisdictions. Contractors also factor in greater volumes for multiple jurisdictions when determining their pricing. These savings are then passed along to the states.

States also benefit from the lower administrative costs of processing solicitations by leveraging the expertise of staffs across state boundaries. Instead of many states soliciting for the same goods or services, one state takes the lead for one solicitation while other states take the lead for other solicitations. This division of labor allows states to share their resources and more efficiently achieve their business goals. NASPO ValuePoint reimburses states for all costs of leading and administrating NASPO ValuePoint, as well as participating in sourcing teams.

What is WSCA?

The Western States Contracting Alliance (WSCA) was the group of 15 western states in NASPO that conducted cooperative purchasing. In 2013, as WSCA became more successful and cooperative efforts grew, NASPO consolidated its two cooperatives and created the single member, non-profit, limited liability company, the NASPO ValuePoint Cooperative Purchasing Organization, to meet the increasing needs for resource assistance in cooperative procurement among the states nationally.

Are NASPO ValuePoint contracts competitively procured?

Yes. Every NASPO ValuePoint contract is the result of a formal competitive solicitation conducted by trained, professional procurement officials of a lead state's central procurement office under direction of a lead state's State Procurement Official in accordance with that state's procurement statutes, regulations, and policies.

Who can use NASPO ValuePoint contracts?

Every public agency, institute of higher education, and political subdivision. Each state determines, in accordance with its own state statutes, whether it will use each NASPO ValuePoint contract and which entities within their state may use each NASPO ValuePoint contract, including state agencies, higher education institutions, political subdivisions, and in some states, non-profit organizations.

What is the fee to use a NASPO ValuePoint contract?

There are no fees to use NASPO ValuePoint contracts. However, NASPO ValuePoint does collect an administrative fee from its contractors when they make a sale. These fees set by the NASPO ValuePoint Board help fund NASPO ValuePoint and National Association of State Procurement Officials (NASPO) operations and reimburse approved costs of states participating in the cooperative procurement. The fee is collected by the contractor at the point of sale and remitted to NASPO ValuePoint.

Additional NASPO ValuePoint Resources

You can visit <http://www.wsca-naspo.org> for complete information.

CMAS

Overview and Legislation

Public Contract Code (PCC) Sections 10290 et seq. and 12101.5 include approval for local government agencies to use CMAS for acquisition of information technology and non-information technology products and services. PCC Sections 10298 and 10299 authorizes local government agencies and school districts to use CMAS and other Department of General Services agreements without competitive bidding. However, each local government agency should make its own determination whether the CMAS program is consistent with their procurement policies and regulations.

Method of Establishing CMAS Contracts

CMAS contracts are not established through a competitive bid process conducted by the State of California. Because of this, all pricing, products and/or services offered must have been previously bid and awarded on a Federal General Services Administration (GSA) schedule.

To apply for a CMAS contract, a contractor offers to provide products and/or services at prices based on an existing Federal GSA multiple award schedule. This schedule is referred to as the “base” contract. The State of California adds standard contract terms and conditions and procurement codes, policies and guidelines, which result in a CMAS contract.

For clarity, the CMAS Program does not “use” the GSA Authorized Federal Supply Service Schedule. Instead, we establish a totally independent California contract for the same products and services at equal or lower prices.

What is Included?

CMAS contracts are established for information technology and non-information technology products and services that have been competitively assessed, negotiated, or bid primarily by the federal GSA, but not exclusively.

The contracts are structured to comply with California procurement codes, guidelines, and policies, and provide for the highest level of contractual protection.

Best Value Determination

The award of all CMAS transactions is based on best value criteria. Best value constitutes whatever the agency determines to be most critical to ensure that its business needs and goals are effectively met and they obtain the most value.

What is Best Value?

Best value is whatever the agency identifies as critical and important to the success of the project. Here are some samples of possible best value criteria:

- The price of the product or service
- The operational cost that the agency would incur
- Quality of the product or service, or its technical competency
- Reliability of delivery and implementation schedules
- Warranties, guarantees and return policy

- Supplier financial stability
- Quality and effectiveness of business solution and approach
- Industry and program experience
- Prior record of supplier performance
- Supplier expertise with engagements of similar scope and complexity
- Proven development and methodologies and tools
- Innovative use of current technologies and quality results

CMAS is Optional

The CMAS program is a procurement option. It is not mandatory that Local Government Agencies use CMAS.

Fees to Use CMAS

Effective 1/1/2010, local government agencies no longer pay the Department of General Services (DGS) an administrative fee to place an order against a CMAS contract. In lieu of this fee paid by the using local government agency, the selling CMAS contractor pays the DGS a 1% incentive fee. The 1% incentive fee is waived for CMAS Contractors who are California certified small businesses.

Additional CMAS Resources

You can visit <http://www.pd.dgs.ca.gov/cmas> for complete information.

Internally-developed RFP/RFB/RFQ process

In an attempt to streamline product acquisition costs and evaluate multiple vendors, many entities will choose to develop an internal RFP, RFB, or RFQ (Request for Proposal, Request for Bid, or Request for Quote, respectively). Although each of these terms have a slightly different meaning, for the purposes of this guide they will be considered the same.

The internal process typically begins with data collection which may include the following:

- Number of handsets
- Type of handsets (basic, office, manager, executive, specialty – wireless, conference, etc.)
- Currently utilized features – listed out and itemized
- Telephone services connected to the system
- Required third-party integrations such as paging, door entry, audio-on-hold, etc.
- Required system functions such as call accounting, hunt groups, ACD, etc.
- Required third party products, such as headsets
- Desired future growth capacity

Once the basic design data is verified, the RFP developer would typically assemble a decision-making team. This team is ideally comprised of representatives from each major department to discuss the current system operation and desired changes that would help increase productivity. It is helpful to have a source of knowledge in this process that can connect desires with applications available within the technology, though a clear wish list can be interpreted by most competent integrators.

Developing the RFP document need not be a laborious task. There are many RFP templates online that are available as a free resource or for a minimal fee. The information you request in the RFP should be what you need to comprehensively evaluate each bidder.

There is an outdated belief that an RFP should be 40-60 pages in order to be accurate. While there may be occasions when this level of detail is essential, do not create volume for the sake of volume. It will only increase the complexity of the process for the bidders, and will equally increase the effort required by your team to distill the added information. Convey the information about your known requirements, and request the information that is important for your selection. All final processes will include references, interviews and product demonstrations which will allow you to dig deeper in your analysis.

Many public entities have a process in place already for distributing RFPs, and your purchasing department may currently have means of advertising such requests. If not, there are third-party websites that will promote RFP's to the technology community, much in the way you might upload a job posting to a recruiting site. It is advisable to release your RFP at least one month before your desired response deadline.

During this process, you should also consider these helpful activities:

- Hold a mandatory pre-bid conference for all bidders wishing to respond. Announce the time and location of the conference as you release your RFP. This will give you a chance to assess your field, set and clarify expectations, and prevent last unexpected last-minute bidders from disrupting and confusing your process.
- Create a public forum for bidders to submit and receive responses to all bidding questions. Your goal will be to ensure that all quotes are as equal as possible in scope, and that all information is shared available among all bidders.
- Identify a clear cutoff date and time for bidders to submit questions. The cutoff date and time for bid submissions should be equally as clear.
- Develop, in advance, a process to select a first round of cuts to keep your workload manageable.

- Predetermine the number of product demonstrations you wish to entertain. Keep in mind that bidders offering the same product may have entirely different methods of designing and implementing that product. Don't assume that similar hardware means a similar approach.
- Develop evaluation criteria and a grading scale for the responses (and eventual demonstrations) including vendor experience, thoroughness of design, understanding of your needs, competence of personnel, solution features and benefits, and, of course, total cost of purchase and ongoing support. (For technology solutions it is common to specify that cost is only one of the grading criteria that will be used. It is useful to assign a weighted scale at the outset.)
- Assemble a product review team consisting of people with needs and desires representative of the entire organization to view all the finalists' demonstrations and participate in the evaluation process.

Vendor-assisted RFP/RFB/RFQ process

If you have been referred to a specific vendor, or have developed a relationship with a vendor who has been professional in their conduct and follow-up, you may consider seeing if they will help you in developing your RFP. Many established vendors have access to RFP templates that they are more than willing to share. A solid vendor will have confidence in their own recommendations and will want to assist you in securing competitive bids that are consistent with the scope of work you require. There is an inherent bias in this resource, but knowing that fact at the onset allows the information provided to be properly filtered.

Given the effectiveness of the help and insight a vendor can provide, there may be justification in having them complete some of the legwork for your RFP. This, however, should be provided to you at a discounted rate given that their input will almost certainly be skewed to their own offerings. This option is only recommended if you have a reason to trust a specific vendor and would consider them as a strong competitor for your business. It is also important to make sure the vendor is aware from the start that this help will not guarantee them the final contract.

Although this can be a cost-effective method in completing your technology RFP, there are a few potential downsides to this approach:

- A vendor-assisted RFP may be viewed as bias and unfair. This could result in fewer bid responses. It is common practice within the industry to acquire help in this fashion and choosing the proper resources can impact the outcome.
- Having one vendor primarily guide the design may discount potential solutions the vendor may not be aware of nor represent. It is always advisable in this method to encourage optional recommendations in the RFP response.

The more certain you are of your needs and the technology you wish to deploy, the more attractive this method becomes. It allows more time to be focused on your ultimate design and solution, and less time focused on product research. In many cases, the RFP development and analysis process can take more time than system deployment itself. This is a good idea if the needs are complex or unknown, but less effective for routine projects.

Outsourced RFP/RFB/RFQ process

For entities that do not have the internal resources to properly manage the acquisition of a new communications system, there are many market offerings that will outsource the entire process — from initial needs assessment through to vendor selection and implementation. This can be invaluable for organizations that do not have staff expertise in telephony, lack sufficient time in their project schedule, or require an unbiased evaluation and selection process.

For most organizations, a new telephone system acquisition happens every 8-12 years. It is not a process that is repeated very often, and when the need arises it is likely that all the information learned in the last such implementation is already obsolete. The variety of offerings that can fulfil the requirements of a “telephone system” have also expanded exponentially. The evaluation process that was effective five years ago is already long outdated.

Some of the key considerations that may motivate you to use an outsourced model include:

- Is the task at hand a primary function for your business? If not, don't waste valuable time on it. Do what you do well.
- Is there an advantage to do it in-house?
- Is it a specialized project you don't need to handle full-time? You will only buy one phone system every 10 years.
- Is it something someone else can do better and more efficiently?
- Are the costs of the outsourcing lower than what it would take in time and manpower to get it done in-house? Consider the potential costs that could additionally be incurred if lack of sufficient time or experience results in mistakes or delays.

It is estimated that the cost of outsourcing a phone system RFP are roughly 20% - 35% of the total project cost. Ensuring that you start the process with the right vendor is critical to the overall success of your project. When evaluating a RFP consultant for your project, consider:

- **Experience of the vendor** – This should be viewed in terms of your industry, your geography, your size of deployment, and your major functions. A good rule of thumb is to talk to 4 of their references who have conducted a project similar to yours within the last 18 months.
- **Credibility of the vendor** – How do they identify, acquire, screen, and select bidders for your RFP? It is very common for RFP consultants to know who the players are in their market. This can be an advantage, but should not be a limiting factor.
- **Compensation** – A reputable consultant will only accept compensation from the organization they are hired to help — yours. Any type of incentives offered to them based on prior relationships should be issued back to your organization as a credit.
- **Scope of Engagement** – It should be clearly identified what the consultant will do as part of the project and to what extent their resources are required. It can be as minimal as the RFP development, but can extend to providing support and oversight during the system conversion.
- **Product Experience** – It is helpful to understand which specific products and services the consultant has experience implementing. If there are any product preferences at the start of the relationship, they should be clearly discussed.

Determining which method will be best for your organization's VoIP deployment

The method of acquiring your new system will ultimately be driven by your specific criteria and environment. Your decision for which route to take will determine the level of resources and involvement you will need to dedicate to the project, the total cost (in both money and time), and its path to success.

The most common criteria to consider when making your decision are:

- **Deployment size** – The larger the system, the more complex the comparison between proposed solutions may be. Without specific industry knowledge it may be hard to arrive at a fair apples to apples comparison between offerings.
- **Purchase size** – Many government entities require purchase options to be mandated for certain purchase amounts. For most systems a good rule of thumb for an on-premise telephony solution is between \$300-\$800 per user. While this is a large delta, it provides an idea of the scope of your needed deployment.
- **Deployment complexity** – The more changes, customization, and technology enhancements you find that you need, the more it may be necessary to involve experienced industry professionals in the process.
- **Internal Resources** – It is important to understand that each purchasing method has an associated “people cost.” It will be critical to find the optimal spot where internal capabilities are balanced with the required external resources. An internally developed RFP may overburden existing staff levels, while an outsourced RFP process may increase the cost of the project by up to 45%.
- **Timeframes** – As a general rule, the more time available to make a decision, the more options are available for the process. A pre-approved product purchase can be completed in a matter of a few weeks, whereas a formal RFP process typically requires 6-18 months.

- **Experience** – Having internal resources who have recently been through a product purchase, or knowing a close business resource that has completed a similar project may allow for piggybacking on another process. If a vendor or product has been successfully evaluated and deployed nearby, it may save you the substantial cost of starting from scratch if the product exists on a California-approved, pre-negotiated purchase vehicle.
- **Political Climate** – Certain situations may require a more formal process which is documented as public record to establish that an unbiased selection has been made. In these situations, third-party involvement can help appease any concerns.