



Washington State  
DEPARTMENT OF  
ENTERPRISE SERVICES



# Information Technology Contracts Report

OCTOBER 2023

CONTRACTS & PROCUREMENT  
DIVISION

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## 2023 Legislative Report

# Agency Overview

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The Department of Enterprise Services (DES) provides centralized services to state government agencies; to other public entities such as cities, counties and tribes; and to Washington residents.

DES' mission is to strengthen the business of government for a sustainable and just future.

We do this by creating overall operating efficiencies so our state's government entities can focus on their core missions. Our buying power, economies of scale and years of experience help government get the best value for the products and services we need to support our missions.

## Key Services

- Capitol Campus management
- Construction & public works
- Contracts & procurement
- Employee Assistance Program
- Energy efficiency
- Engineering & architectural services
- Facilities management
- Fleet management & EVs
- Parking management
- Print & mail services
- Property management
- Real estate services
- Risk management
- Small agency support
- Surplus property
- Training & workforce development



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# Introduction

Of the 145 agencies required to report their IT contracts to DES, all but 10 submitted a complete report.

Washington Technology Solutions (WaTech) provided Agency Financial Reporting System (AFRS) data and an IT tower analysis of types of service and cost pools (categories aligned with state general ledger accounts) to include in this report. See details on pages 17 to 21.

# Statutory Directive

The Information Technology (IT) Contracts Report is required by a proviso in the [2023-25 Operating Budget, SB 5187, section 153\(4\)](#). The proviso requires the DES to receive, compile and submit a list of IT contracts for all state agencies and institutions of higher education to the legislative fiscal committees by Oct. 31 of each year.

WaTech is required in the [2023-25 Operating Budget, SB 5187, section 155\(12\)](#) to collaborate on this report with DES and provide data and an analysis by Sept. 1 each year for all agencies.

This is the fifth year DES is submitting this report. It provides a narrative and analysis of the state's overall IT contracts portfolio.

## Background

In July 2023, DES held a training for IT contracts reporting and 146 people from agencies and institutions of higher education attended. This training allowed agencies to ask questions and DES to clarify expectations. DES communicated to agencies that the following criteria must be met for their reports to be accepted:

- Fill out ALL required fields. Do not leave any blanks in the required fields.
- Report the DES statewide contract number for all DES statewide contract purchases.
- Fill in the spending amount columns for every year the contract is active. DES will be checking to see if the spending amount columns are filled in for the contract start and end dates entered in the report.
- Only report numerical figures in the spending amount columns. Any notes should be entered into the contract amount explanation field.
- The IT tower fields must be entered as percentages and the total percentage column must equal 100%.
- Reports are due by Sept. 1.

DES provides a template to help agencies reduce rework and accurately report their data. The template calculates the fiscal years based on the contract dates and uses conditional formatting to highlight errors, zeros, or blanks in columns that are required.

# Data Integrity

DES required agencies to use the IT statewide contract number for contracts marked as DES statewide contract purchases and to use the contractor names provided in the template workbook. DES does not have access to agency contract databases, so an audit of the report submissions was not possible, but applied rigor around the acceptance of agency reports.

If required columns in reports were blank, such as missing contract numbers and/or missing total contract spending amounts, DES rejected the agency submission and required resubmission. DES reviews each report for required complete information.

# Methodology

## Tools

DES provides an IT contract reporting template that includes conditional formatting to highlight errors, zeros, or blanks entered in required fields. The template also includes formulas to calculate fiscal years (FYs) for each contract based on the start and end dates.

Also included in the template workbook are:

- A list of IT statewide contracts and any associated cooperative with those contracts.
- A list of IT statewide contracts and the IT tower percentages associated with those contracts.
- A list of the FY23 contractor names, agency numbers and names required to complete the report.
- Examples of contract amount explanations.
- Links to additional resources.

DES maintains and updates the [Reporting IT Contracts](#) webpage, which includes a reporting guide and other resources for agencies to reference. It also supplies agencies with a list of IT statewide contracts and the vendor-reported spend so they can more easily and accurately report their use of statewide contracts.

DES has a designated IT Contracts Reporting inbox that is monitored daily to answer questions and provide one-on-one support for agencies.

## Challenges

There were two main challenges agencies faced when meeting report requirements:

1. DES performs a rigorous review of each report, including requiring agencies to use a list of provided contractor names and using the DES statewide contract number and term dates for all contracts marked as a statewide contract purchase. While these efforts

improved the time to scrub the data and complete the analysis, it results in more reports being returned to agencies for corrections.

2. Agency submissions were not always able to meet the requirements due to individual agency systems not holding historical data.

# Findings/Results

## Data from 2023 Agency IT Contracts Report

The total contract amounts reported by agencies and institutions of higher education in the 2023 IT Contracts Report is **\$6.3 billion** for all fiscal years since 2000. Below are a series of tables that display the top 10 vendors when the data is sorted by key fields. The data included in the following summary tables exclude the agencies that have not turned in completed reports.

### Top 10 Vendors with the Highest Total Contract Value for All Fiscal Years and Number of Agency Users

\*Data includes future amounts

Vendor	All FY Spend	# of Contracts	# of Agencies
CNSI	\$ 722,930,862	3	1
Bridge Data Solutions	\$ 306,049,955	6	6
Workday Inc	\$ 278,633,824	4	4
Dell	\$ 255,464,007	63	60
Fast Enterprises LLC	\$ 241,841,984	5	4
SHI International Corp	\$ 227,249,502	194	71
CDW Government, Inc.	\$ 177,728,973	85	49
Deloitte Consulting, LLP	\$ 164,806,395	11	8
Cerner Corporation	\$ 145,557,121	3	2
Microsoft	\$ 100,459,409	75	52

### Top 10 Vendors with the Most Contracts for All Fiscal Years

\*Data includes future amounts

Vendor	All FY Spend	# of Contracts
SHI International Corp	\$ 227,249,502	194
CDW Government, Inc.	\$ 177,728,973	85
Carahsoft Technology Corporation	\$ 96,665,987	79
Verizon Wireless Services LLC.	\$ 78,065,954	77
Microsoft	\$ 100,459,409	75
South Puget Sound Community College	\$ 36,579,760	70
Dell	\$ 255,464,007	63
Hewlett-Packard Enterprise Company	\$ 37,345,853	50
ODP Business Solutions, LLC	\$ 11,777,549	45
Right Systems	\$ 15,295,291	42



Agencies reported the following IT contract spend:

- \$546 million projected for FY24
- \$965 million FY23
- \$1.2 billion in FY22
- \$653 million in FY21
- \$520 million in FY20
- \$425 million in FY19

The following tables display the top 10 IT vendors spend reported for FY23.

**Top 10 IT Vendors by FY23 Spend for Statewide Contracts and Non-Statewide Contracts Reports**

<b>Vendor</b>	<b>FY23 IT Contract Report Spend</b>	
CNSI	\$	116,742,399
SHI International Corp	\$	55,661,231
Dell	\$	42,839,318
Insight Public Sector	\$	39,341,140
Deloitte Consulting, LLP	\$	36,720,360
Workday Inc	\$	29,192,666
Carahsoft Technology Corporation	\$	26,454,497
Accenture	\$	16,451,233
Fast Enterprises LLC	\$	16,302,522
Unisys Corporation	\$	14,619,446

**Top 10 IT Vendors by FY23 Spend for Statewide Contracts Only**

<b>Vendor</b>	<b>FY23 IT Contract Report Spend</b>	
SHI International Corp	\$	50,812,651
Insight Public Sector	\$	39,241,154
Dell	\$	32,935,916
Carahsoft Technology Corporation	\$	25,467,716
Workday Inc	\$	15,435,817
Verizon Wireless Services LLC.	\$	13,872,607
CDW Government, Inc.	\$	13,717,632
Cisco Systems, Inc.	\$	12,458,730
Unisys Corporation	\$	8,601,485
Ricoh USA, Inc.	\$	6,614,267

**Top 10 IT Vendors by FY23 Spend for Non-Statewide Contracts**

<b>Vendor</b>	<b>FY23 IT Contract Report Spend</b>	
CNSI	\$	116,742,399
Deloitte Consulting, LLP	\$	36,293,360
Accenture	\$	16,451,233
Fast Enterprises LLC	\$	16,302,522
MultiCare Health System	\$	14,500,000
Workday Inc	\$	13,756,849
South Puget Sound Community College	\$	13,321,746
Comtech	\$	10,873,700
Cerium Networks, Inc.	\$	10,394,839
Dell	\$	9,903,402

**FY23 Analysis Challenges**

With the final phase 2 fiscal year close in early September and the vendor-reported statewide contract sales due on July 31, agencies must prioritize the IT contracts report over other work to meet the Sept. 1 deadline.

**Long-Term and No-End-Date Contracts**

DES statewide contracts for Information Technology Professional Services (contract 08215) end on Feb. 1, 2099. This statewide contract functions more as a program than a typical statewide contract, with the first tier creating a vendor pool. Agencies and institutions of higher education must then perform a second-tier solicitation and execute their contracts with vendors accepted as a part of this program. End dates for those contracts are most likely shorter-term agreements but agencies were instructed to report their agreements under the statewide contract, using the Contract Start and Contract Max Term dates as start and end dates.

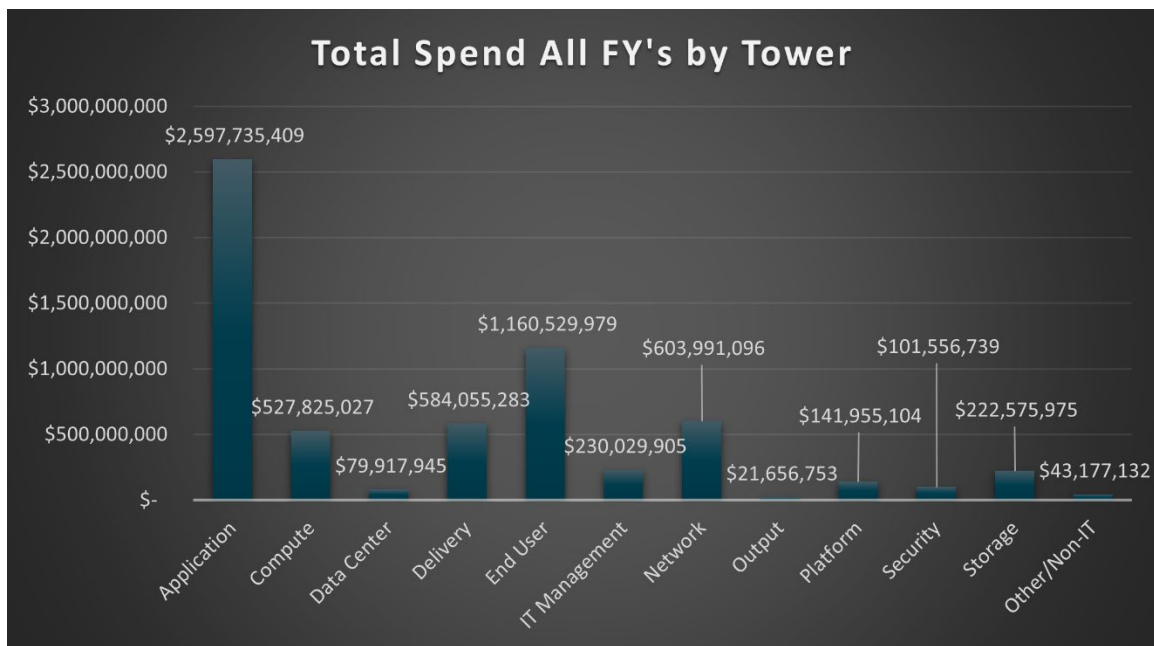
Contracts with no end date are represented by showing 99/99/9999 in the "Contract End Date" column. There are 38 agencies that have contracts with no end dates and 229 contract records were reported as having no end date. Most of the contracts with no end date fall in the "Applications" IT Tower. The report includes a "Contract Date Explanation" column where agencies were asked to explain why a contract does not have an end date.

**IT Tower Analysis and Tables**

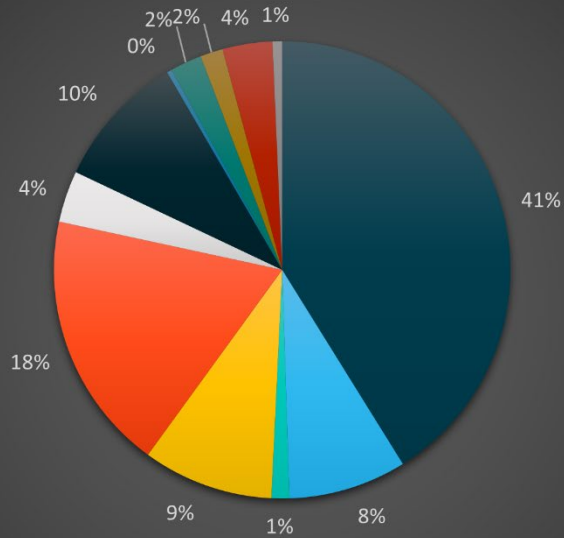
The following tables, graphs and charts examine the contract information reported by IT Tower. The types of services are defined by Technology Business Management IT Towers and include Application, Compute, Data Center, Delivery, End User, IT Management, Network, Output, Platform, Security, Storage, and an option for Non-IT/Other for agencies to use. Like the

previous tables, these charts and tables are missing data for the 10 agencies that did not report in 2023.

IT Tower	Total Spend All FY's	% of Spend All FY's	Total Contracts	% of Contracts
Application	\$ 2,597,735,409	41%	2,758	26%
Compute	\$ 527,825,027	8%	778	7%
Data Center	\$ 79,917,945	1%	324	3%
Delivery	\$ 584,055,283	9%	1,061	10%
End User	\$ 1,160,529,979	18%	2,008	19%
IT Management	\$ 230,029,905	4%	210	2%
Network	\$ 603,991,096	10%	1,304	12%
Output	\$ 21,656,753	0%	50	0%
Platform	\$ 141,955,104	2%	534	5%
Security	\$ 101,556,739	2%	390	4%
Storage	\$ 222,575,975	4%	707	7%
Other/Non-IT	\$ 43,177,132	1%	325	3%

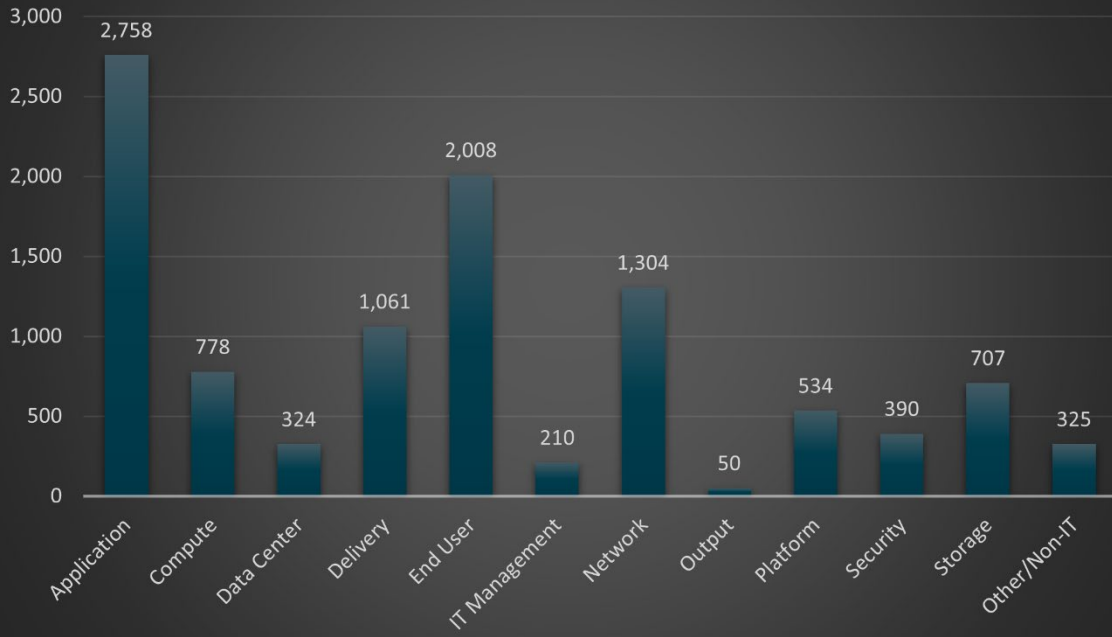


### % of Spend All FY's by Tower

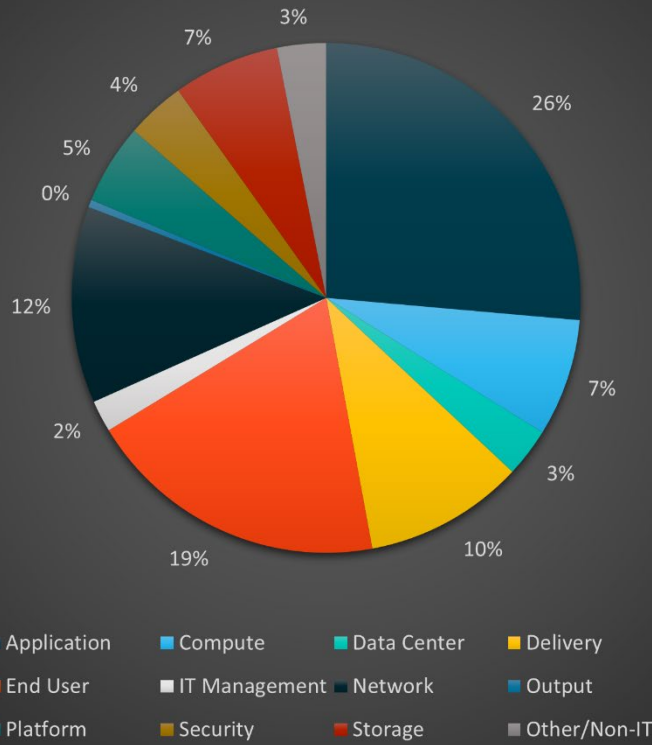


- Application
- Compute
- Data Center
- Delivery
- End User
- IT Management
- Network
- Output
- Platform
- Security
- Storage
- Other/Non-IT

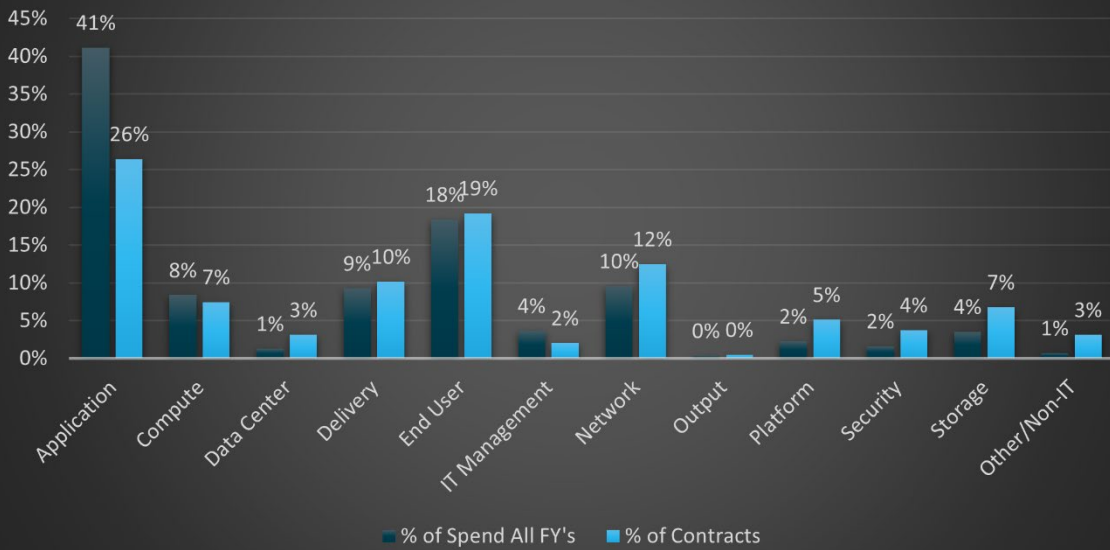
### Total Contracts by Tower



### % of Contracts by Tower



### IT Tower Total Spend Compared to the Number of Contracts by Tower



More tables regarding spend are in Appendix A, the Excel workbook accompanying this report. Tables include:

- Fiscal Year Totals by Tower
- Fiscal Year Totals by Tower and Agency
- Number of Contracts by IT Tower
- Number of Contracts by IT Tower and Agency
- Vendors by Tower by Contracts
- Vendors by Tower by Spend
- Apptio Fiscal Year 2022 and 2023 Comparison
- Apptio Fiscal Year 2022
  - There have been some changes in accounting practices that impacts the final amount of IT expenditure for 2022. It has been determined that capitalization and depreciation general ledger codes need to be removed. This change results in a \$29 million increase in expenditures for 2022 for the agencies that capitalized/depreciated their IT investment.
- Apptio Fiscal Year 2023

The report template has a field for agencies and institutions of higher education to indicate if a contract is a statewide contract. The tables below compare the vendor spend reported by agencies and institutions of higher education to what was reported by statewide contract vendors.

## DES IT Statewide Contracts Portfolio Summary

Report	FY23 Spend
IT Statewide Contracts Total Spend	\$ 867,870,423
Statewide Contracts Total Spend	\$ 997,385,663
<b>Difference</b>	<b>\$ 129,515,240</b>

DES has a portfolio of 38 IT statewide contracts with 887 IT vendors. The total FY23 IT statewide contracts spend by all state agencies, institutions of higher education, political subdivisions, and qualified nonprofit organizations was approximately \$868 million, an increase of approximately \$86 million from the prior fiscal year. State agencies and institutions of higher education are responsible for approximately 24% of this annual fiscal contract spend. The tables below have been included to give a total picture of all DES customer spend as well as tables breaking down the information into the categories of “State Agencies and Higher Education” and “Political Subdivisions and Qualified Nonprofits.”

## FY23 Top 10 Statewide Contracts by Spend

### All Customer Summary

<b>Contract Title</b>	<b>Number of Vendors</b>	<b>FY23 Statewide Contract Spend</b>
Computer Equipment	15	\$ 223,931,994
Cloud Solutions	16	\$ 156,390,923
NASPO ValuePoint Wireless Data, Voice, and Accessories	5	\$ 121,407,395
NASPO ValuePoint Software Resellers	3	\$ 104,599,654
Data Communications (NASPO)	6	\$ 65,182,778
Copiers and Managed Print Services	7	\$ 44,180,807
Information Technology Professional Services	80	\$ 41,672,493
Software Value Added Reseller (SVAR) 2022	2	\$ 15,864,872
Illumination, Traffic Signal & Intelligent Transportation Systems Equipment	22	\$ 14,848,834
Public Safety Communications Products, Services & Solutions	16	\$ 11,465,549

### State Agency and Higher Education Summary

<b>Contract Title</b>	<b>Number of Vendors</b>	<b>FY23 Statewide Contract Spend</b>
Cloud Solutions	16	\$ 130,679,911
Computer Equipment	14	\$ 83,552,953
NASPO ValuePoint Software Resellers	3	\$ 65,245,190
Information Technology Professional Services	74	\$ 39,436,485
Data Communications (NASPO)	6	\$ 32,594,461
NASPO ValuePoint Wireless Data, Voice, and Accessories	5	\$ 29,537,751
Copiers and Managed Print Services	7	\$ 14,378,945
Software Value Added Reseller (SVAR) 2022	2	\$ 9,944,351
Illumination, Traffic Signal & Intelligent Transportation Systems Equipment	20	\$ 7,046,163
Office Supplies	3	\$ 7,017,737

### Political Subdivisions and Qualified Nonprofits Summary

<b>Contract Title</b>	<b>Number of Vendors</b>	<b>FY23 Statewide Contract Spend</b>
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Computer Equipment	15	\$	140,379,041
NASPO ValuePoint Wireless Data, Voice, and Accessories	5	\$	91,869,644
NASPO ValuePoint Software Resellers	3	\$	39,354,464
Data Communications (NASPO)	6	\$	32,588,316
Copiers and Managed Print Services	7	\$	29,801,862
Cloud Solutions	11	\$	25,711,012
Public Safety Communications Products, Services & Solutions	15	\$	8,178,551
Illumination, Traffic Signal & Intelligent Transportation Systems Equipment	13	\$	7,802,671
Software Value Added Reseller (SVAR) 2022	2	\$	5,920,521
IT Cabling	10	\$	4,855,944

Notes:

- The above tables were compiled using the FY23 vendor reported sales for DES IT statewide contracts.
- [NASPO ValuePoint](#) contracts are nationwide contracts that Washington state participates in through a statutorily authorized cooperative agreement.

## FY23 Top 10 Customers by IT Statewide Contracts Spend

### All Customers Summary

Customer Name	FY23 Statewide Contract Spend	
Consolidated Technology Services	\$	51,498,532
Department of Social & Health Services	\$	51,293,778
Department of Transportation	\$	43,453,618
King County	\$	26,870,072
Department of Enterprise Services	\$	25,931,519
University of Washington	\$	24,890,108
City of Seattle	\$	23,797,499
Department of Health	\$	20,178,426
Seattle School District 1	\$	18,912,668
Department of Employment Security	\$	18,096,597

### State Agency and Higher Education Summary

Customer Name	FY23 Statewide Contract Spend	
Consolidated Technology Services	\$	51,498,532



Department of Social & Health Services	\$	51,293,778
Department of Transportation	\$	43,453,618
Department of Enterprise Services	\$	25,931,519
University of Washington	\$	24,890,108
Department of Health	\$	20,178,426
Department of Employment Security	\$	18,096,597
Department of Corrections	\$	16,243,928
Children Youth and Families	\$	15,063,172
Office of the Attorney General	\$	11,688,280

### Political Subdivisions and Qualified Nonprofits Summary

Customer Name	FY23 Statewide Contract Spend	
King County	\$	26,870,072
City of Seattle	\$	23,797,499
Seattle School District 1	\$	18,912,668
City of Tacoma	\$	9,665,145
Sound Transit-Seattle	\$	9,106,381
Clark County	\$	7,806,110
Spokane School District 81	\$	6,574,206
Bellevue School District 405	\$	6,371,201
Port of Seattle	\$	6,369,946
Pierce County	\$	6,141,824

### FY23 Top 10 IT Vendors by Statewide Contract Spend

#### All Customer Summary

Vendor Name	FY23 Statewide Contract Spend	
Dell	\$	128,835,268
SHI International Corp	\$	89,678,948
Verizon Wireless	\$	86,206,958
Carahsoft Technology Corporation	\$	65,569,563
Insight Public Sector, Inc.	\$	51,416,441
Cisco Systems, Inc.	\$	50,891,840
HP Inc.	\$	42,616,722
CDW Government LLC	\$	35,853,946
T-Mobile USA, Inc	\$	20,768,374
Canon U.S.A., Inc.	\$	19,314,836

#### State Agency and Higher Education Summary

Vendor Name	FY23 Statewide Contract Spend	
SHI International Corp	\$	76,351,925
Dell	\$	56,261,599

Carahsoft Technology Corporation	\$	53,719,962
Insight Public Sector, Inc.	\$	41,557,342
Cisco Systems, Inc.	\$	26,502,509
Verizon Wireless	\$	23,999,158
HP Inc.	\$	12,261,861
Ricoh USA, Inc.	\$	9,632,723
Unisys Corporation	\$	8,812,301
CDW Government LLC	\$	7,385,568

### Political Subdivisions and Qualified Nonprofits Summary

Vendor Name	FY23 Statewide Contract Spend	
Dell	\$	72,573,669
Verizon Wireless	\$	62,207,800
HP Inc.	\$	30,354,861
CDW Government LLC	\$	28,468,378
Cisco Systems, Inc.	\$	24,389,331
T-Mobile USA, Inc	\$	19,531,284
Lenovo Corporation	\$	18,399,784
Canon U.S.A., Inc.	\$	17,831,663
SHI International Corp	\$	13,327,023
Carahsoft Technology Corporation	\$	11,849,601

### IT Statewide Contract/Non-IT Statewide Contract Comparison

The following tables compare IT statewide contract sales to the non-IT statewide contract sales for FY21 through FY23. Of the total sales in FY23, IT statewide contract sales average about 47% for all customers, 24% for state agencies and higher education, and 22% for political subdivisions and qualified nonprofits.

### All Customer Summary

Contract Type	FY21		FY22		FY23
IT Statewide Contract	\$	602,231,588	\$	782,693,090	\$ 867,870,423
Non-IT Statewide Contract	\$	845,538,785	\$	621,721,254	\$ 997,385,663
<b>Total</b>	<b>\$</b>	<b>1,447,770,374</b>	<b>\$</b>	<b>1,404,414,344</b>	<b>\$ 1,865,256,086</b>

### State Agency and Higher Education Summary

Contract Type	FY21		FY22		FY23
IT Statewide Contract	\$	270,145,296	\$	336,004,314	\$ 456,340,639

Non-IT Statewide Contract	\$ 284,769,205	\$ 275,565,031	\$ 448,926,549
<b>Total</b>	<b>\$ 554,914,501</b>	<b>\$ 611,569,345</b>	<b>\$ 905,267,188</b>

**Political Subdivisions and Qualified Nonprofits Summary**

<b>Contract Type</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
IT Statewide Contract	\$ 370,343,645	\$ 446,688,776	\$ 411,529,784
Non-IT Statewide Contract	\$ 560,769,581	\$ 346,156,223	\$ 548,459,114
<b>Total</b>	<b>\$ 931,113,225</b>	<b>\$ 792,844,999</b>	<b>\$ 959,988,897</b>

# Information Technology Investments Captured in the Technology Business Management (TBM) Program

**TBM terms and data in TBM Program software (Apptio):**

Industry terms from the TBM Council taxonomy are used for reporting on statewide technology investments. These standard reporting terms known as 'cost pools' and 'IT Technology Towers with sub-towers' are displayed in the figures below.

Cost Pools	IT Technology Towers
<ul style="list-style-type: none"> <li>•External Labor</li> <li>•Facilities &amp; Power</li> <li>•Hardware</li> <li>•Internal Labor</li> <li>•Internal Services</li> <li>•Other</li> <li>•Outside Services</li> <li>•Software</li> <li>•Telecom</li> </ul>	<ul style="list-style-type: none"> <li>•Application</li> <li>•Compute</li> <li>•Data Center</li> <li>•Delivery</li> <li>•End User</li> <li>•IT Management</li> <li>•Network</li> <li>•Output</li> <li>•Platform</li> <li>•Security &amp; Compliance</li> <li>•Storage</li> </ul>

Towers and Sub Towers			
<p><b>Application</b></p> <ul style="list-style-type: none"> <li>• Application Development</li> <li>• Application Support &amp; Operations</li> <li>• Business Software</li> </ul> <p><b>Compute</b></p> <ul style="list-style-type: none"> <li>• Converged Infrastructure</li> <li>• High Performance Computing</li> <li>• Mainframe</li> <li>• Midrange</li> <li>• Servers</li> <li>• Unix</li> </ul> <p><b>Data Center</b></p> <ul style="list-style-type: none"> <li>• Enterprise Data Center</li> <li>• Other Facilities</li> </ul>	<p><b>Delivery</b></p> <ul style="list-style-type: none"> <li>• IT Service Management</li> <li>• Operations Center</li> <li>• Project Management</li> <li>• Client Management</li> </ul> <p><b>End User</b></p> <ul style="list-style-type: none"> <li>• Workspace</li> <li>• Mobile Devices</li> <li>• End User Software</li> <li>• Network Printers</li> <li>• Conferencing &amp; AV</li> <li>• IT Help Desk</li> <li>• Deskside Support</li> </ul>	<p><b>IT Management</b></p> <ul style="list-style-type: none"> <li>• IT Management &amp; Strategic Planning</li> <li>• Enterprise Architecture</li> <li>• IT Finance</li> <li>• IT Vendor Management</li> </ul> <p><b>Network</b></p> <ul style="list-style-type: none"> <li>• LAN/WAN</li> <li>• Voice</li> <li>• Transport</li> </ul> <p><b>Output</b></p> <ul style="list-style-type: none"> <li>• Central Print</li> </ul>	<p><b>Platform</b></p> <ul style="list-style-type: none"> <li>• Database</li> <li>• Middleware</li> <li>• Mainframe Database</li> <li>• Mainframe Middleware</li> <li>• Container Orchestration</li> <li>• Big Data</li> </ul> <p><b>Security</b></p> <ul style="list-style-type: none"> <li>• Security</li> <li>• Compliance</li> <li>• Disaster Recovery</li> </ul> <p><b>Storage</b></p> <ul style="list-style-type: none"> <li>• Online Storage</li> <li>• Offline Storage</li> <li>• Mainframe Online Storage</li> <li>• Mainframe Offline Storage</li> </ul>

A weekly data feed from the state enterprise AFRS into the TBM Program software from Apptio provides information on state agencies technology expenditures.

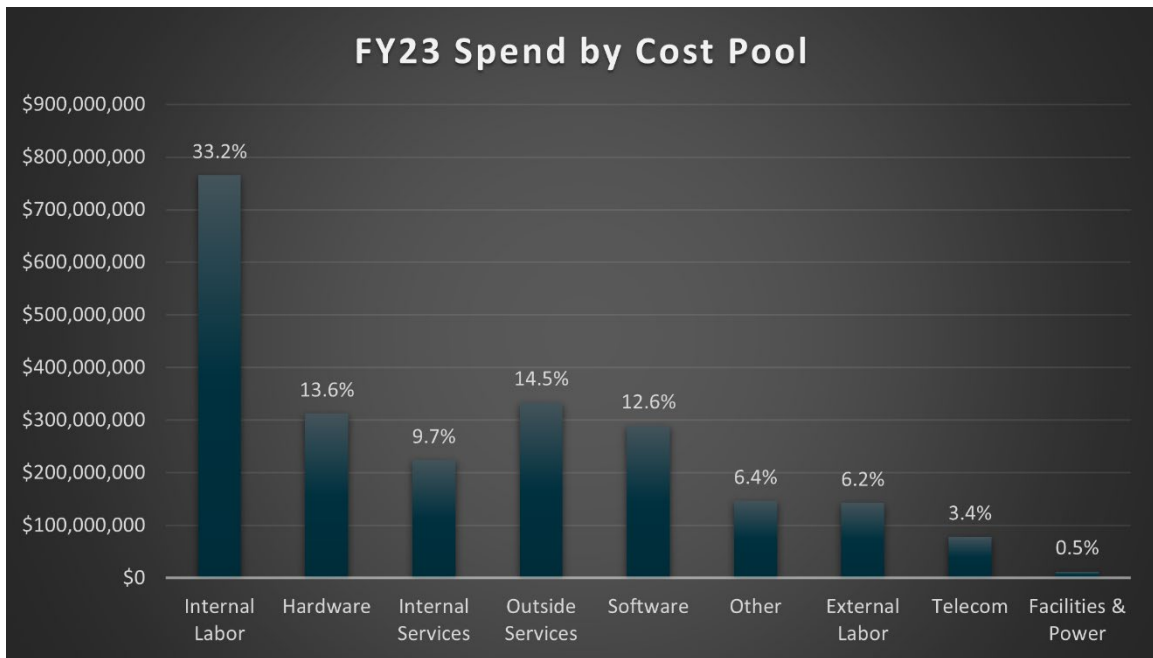
Using the AFRS data in Apptio, the Office of the Chief Information Officer (OCIO) can report FY23 IT expenditures by cost pools for 108 agencies and the IT Technology Tower expenditures for the 59 agencies in the TBM Program in FY23.

### IT Expenditures by Cost Pool

Cost pool categories are aligned with the state general ledger accounts using the sub-object field in AFRS.

There were 108 agencies with reported technology investments in FY23 and the chart below includes a breakdown by cost pool. Except for internal labor, the remaining cost pools are associated with payments to vendors, contractors and service providers.

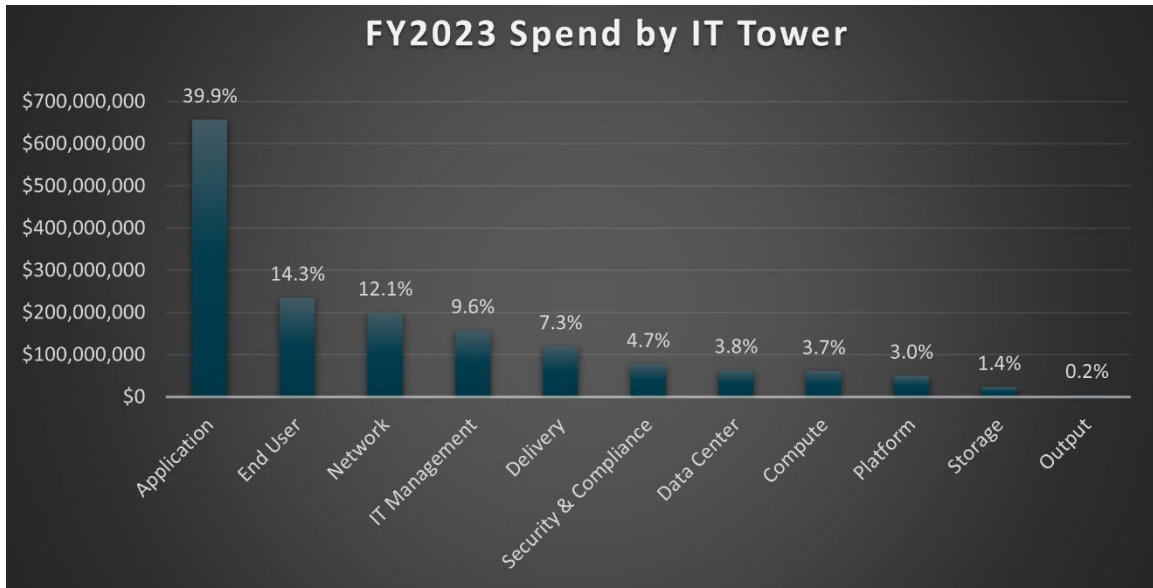
It should be noted that over \$94 million in the Other category are grants payments from the University of Washington to University Hospital.



Note: Internal Services are expenditures to central service agencies.

### IT Expenditures by IT Technology Towers

The 59 agencies in the state TBM Program are required to map their IT expenditures from Cost Pools to the IT Technology Towers. The chart below shows the investment breakdown of 59 agencies by IT Technology Towers, including internal labor.



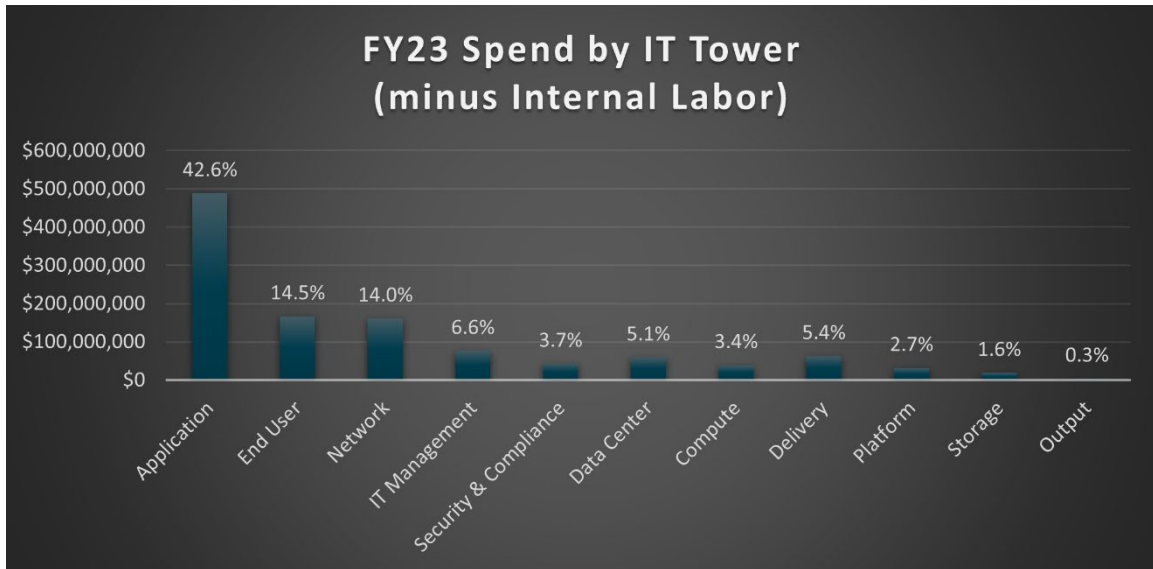
For comparison, the chart below includes the breakdown of IT Technology Tower investments for the agencies in the TBM program with the internal labor removed.

### **IT Expenditures by IT Technology Tower minus Internal Labor**

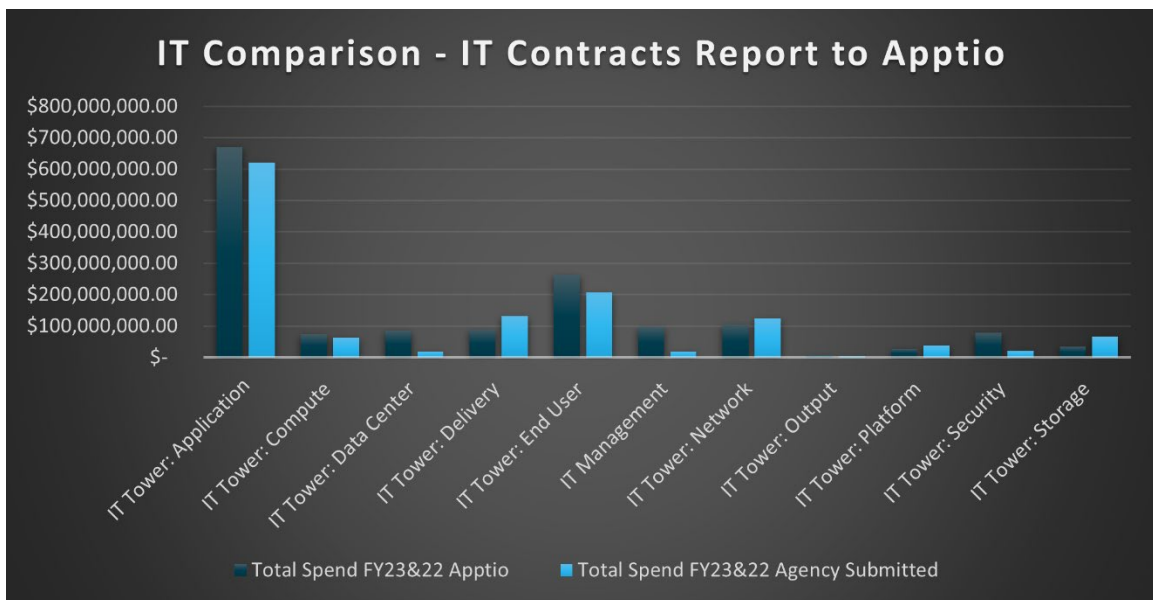
The 59 agencies mapped their internal labor to the IT Technology Tower investment. With the internal labor removed, what remains is the direct expenditures agencies made for hardware, software, outside services, external labor, facilities and power. These percentage should align with the contract information the agency reported in their annual report to the Department of Enterprise Services.

It should be noted that as agencies migrate to cloud services, WaTech TBM Program is working with OFM to educate and train agency accounting staff on correct coding of infrastructure as a service (IaaS). The TBM program has identified many agencies who purchase IaaS services through the same third-party provider that provide Software as a Service (SaaS) applications. As a result of agencies existing financial business processes, all cloud coding expenditures as being entered in AFRS as SaaS. Agency accounting staff need to be trained to work collaboratively

with their IT departments to identify which portions of third-party provider invoices for cloud services are SaaS vs. IaaS.



A comparison of the towers reported in the IT Contracts Report to the AFRS data received from WaTech was completed for FY22 and FY23. The final comparison showed a total of \$216 million difference in what was reported in Apptio versus the IT Contracts Report. The chart below shows the comparison of the towers for both fiscal years combined.



Of the \$216 million, about \$321 million was in FY23 and \$136 million in FY22. There is a difference of \$60M in the Application and Compute IT towers from what was reported on the IT contracts report and the AFRS data in Apptio. The discrepancy for these towers is expected due to agency accounting offices coding cloud invoices from the 3rd party reseller to application

(SaaS) instead of splitting it across SaaS and IaaS (Infrastructure as a Service [compute]). Other reasons for the differences between the reports and AFRS data is from the 10 agencies who did not complete a report, and from some reports being amended after the report due date cut-off, therefore not being able to amend the data. Additionally, the entire contract spend is reported on agency's IT contracts reports, whereas AFRS only captures actual IT expenses.

Notes:

- The IT Contract Report includes an Other/Non-IT tower that is not included in AFRS data. For the purposes of this comparison, the contract amounts reported under this tower were removed from the data.
- The AFRS data used in this analysis excludes Internal Labor.

## Recommendations

### Statewide Contract Utilization and Opportunities

The data submitted by agencies shows seven of the top 10 vendors are on a statewide contract, an increase of two more vendors over last year's report. Agencies spent a total of \$1.5 billion with the seven vendors on statewide contracts, compared to \$86 million they reported spending last year.

DES recommends the Contract and Procurement Division conduct research to explore if agencies are appropriately using statewide contracts; the data indicates that agencies are not fully utilizing them. DES recommends using this data to conduct outreach and provide training opportunities to agencies who have separate contracts with vendors that are also awarded on a statewide contract to reduce costs.

DES regularly collaborates with WaTech to prioritize and improve IT goods and services. DES conducts feedback sessions with agencies. The following items are opportunities DES is researching and working to implement based on the coordination effort between DES, WaTech and agencies:

- DES provides IT software brokering services for statistical analysis system (SAS) software. DES is considering expanding the software brokering services where DES pools the purchase orders, pays the vendors, and bills the agencies after. DES receives a larger discount by placing a combined purchase order on behalf of the state.
- DES is considering expanding the software enterprise agreement opportunities with several vendors. These agreements allow the state to gain higher discount tiers as more agencies use the certain enterprise agreement. DES has successfully set up a software enterprise agreement with Microsoft and Adobe, which provide agencies larger



discounts as more users join the agreement. The Adobe enterprise agreement will be sunset in 2027.

- DES is in process of awarding multiple new statewide contracts for Information Technology Professional Services in distinct service sectors. Once the contracts are awarded, DES will be providing agencies templates and a guide for statements of work that agencies can use to save time when requesting services from vendors. The guide and templates will allow agencies to track performance by capturing scope, milestones, and deliverables. This approach focuses on maximizing value in the most used service sectors to provide value to state agencies rather than a general approach to all information technology professional services.
- DES has identified an opportunity to collaborate with WaTech to coordinate IT hardware upgrades across multiple agencies at the same cadence. This could allow for DES to negotiate larger discounts with IT hardware manufacturers for the combined state purchase.

### **Reporting Template Recommendation**

DES continuously works to improve the integrity of the data by implementing upgrades to the IT contract reporting template based on feedback from agencies and through the review of submitted reports. This year, DES updated the template to autofill the contract start and end dates along with IT tower percentages for statewide contracts. Agencies were instructed to review the tower percentages that autofill and confirm that they align with their use of the statewide contract. DES will continue to make changes to the template to improve accuracy and the review time.

DES provides spend information that the vendors report to help agencies report how much the agency spent on each IT statewide contract. This year, agencies were encouraged to reference their confirmed spend data on previous fiscal year reports as a resource for reporting the same applicable data for the current reporting period. DES will perform ad-hoc audits when an agency notices a discrepancy in their data and what vendors have reported to DES.

DES provides IT contract report training each year the report has been required. In the past, the training occurs at the same time as the [agency contract reporting](#) training, however, this year DES held a separate training for IT contracts reporting. This allowed a deeper dive into IT contract reporting questions and eliminated the confusion of discussing two reports in the same session.

## **References**

Visit the [DES IT Contracts Reporting webpage](#) for directions and resources supplied to agencies, points of contacts, and pertinent information regarding the reporting requirement(s).

# **Appendices**

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**Appendix A**

