CALIFORNIA STRATEGIC SOURCING INITIATIVE

PROJECT HIGHLIGHTS

Strategic Sourcing is a process designed to allow the State of California to purchase the best products and best services for the best value.

Using this purchasing approach, the buyer (California) analyzes what it's buying, what the market conditions are and, who can supply those goods or services. The buyer then uses that information—plus innovative contracting techniques—to find the best values available in the marketplace. Goods and services that are bought by multiple agencies in large quantities are strong candidates for sourcing.

California is experiencing one of the worst fiscal crises in the State's history. The California Strategic Sourcing Initiative (CSSI), which is being led by the California Department of General Services (DGS), is expected to save millions of taxpayers' dollars annually. In particular, the Strategic Sourcing methodology:

- Achieves savings by systematically analyzing the State's needs and supply market dynamics, and by applying different sourcing strategies.
- Enhances the ability of the State to receive the best possible prices on products and services through:
  - Consolidating buying power
  - Expanding the supply base
  - Utilizing multiple sourcing strategies
- Estimates savings of millions of dollars in fiscal year 2004-2005, with savings expected to continue ongoing.

Strategic Sourcing allows State purchasing and contracting staff the opportunity to acquire new procurement skills. The initiative:

- Utilizes state of the art tools to increase the efficiency and effectiveness of the procurement process.
- Provides procurement staff with core competency skills.

Strategic Sourcing strengthens the State's relationships with the business community. The initiative will improve relationships with vendors by:

- Implementing a more rigorous procurement process than what is currently practiced. Businesses will find that it is much easier to work with the State.
- Increasing opportunities for new vendors to conduct business with the State.
- Confirming the State's commitment to fairness and integrity — the principles that underlie current purchasing practices will be preserved with Strategic Sourcing.

Given the State's fiscal needs, the Strategic Sourcing program has a compact timeframe:

- Phase one, which involves the review of potential savings opportunities, was completed in 2004. Phase two includes completing Strategic Sourcing "events" and will take place over the next three years.
- Initial savings are expected as early as the second half of fiscal year 2004-2005.
- Additional savings will accrue.

For more details visit us online at: **www.pd.dgs.ca.gov/stratsourcing**
or call us toll-free at: **1-866-885-8344**.

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