CALIFORNIA STRATEGIC SOURCING INITIATIVE

FACT SHEET

Strategic sourcing is an approach where 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 while maintaining a high quality of goods and services. The strategic sourcing approach has been successfully utilized by many private sector organizations and several states, including Texas, Illinois, Oklahoma, Virginia and New Mexico.

Strategic sourcing will be utilized for goods and services that are bought in large quantities, generally by multiple agencies, where careful analysis shows there are opportunities to obtain better value for the State. Most competitive sourcing opportunities will feature strategies to include small businesses and disabled veteran business enterprises (SB/DVBEs). The State will offer training and support to businesses on how to successfully bid for State contracts.

BACKGROUND

The need for strategic sourcing was identified through a review of opportunities for savings and efficiencies within State operations and the California Strategic Sourcing Initiative (CSSI) is included in the Governor's proposed 2004-05 budget. Strategic sourcing will save millions of dollars during this fiscal year. The California Department of General Services (DGS) responded quickly to support the Governor's vision and is leading the CSSI.

HOW IT WORKS

The primary benefits of strategic sourcing occur through specific changes to existing purchasing processes for categories of goods and/or services. Some key approaches utilized in strategic sourcing may include:

- ***Consolidated buying power***—multiple contracts for the same goods or services purchased by multiple State agencies may be combined into one contract to leverage the State's buying power;
- ***Expanded supplier base***—new vendors have easier access to opportunities for conducting business with the State;
- ***Implementation of eProcurement tools***—electronic Request for Proposal (eRFP), CAL-Buy, and an eAuction tool allow for speedier and more accurate communication between suppliers and the State.

Strategic sourcing introduces opportunities for suppliers to compete for business with the State. The primary vehicle used for announcing these procurement opportunities is the California State Contracts Register (CSCR). It is important that all suppliers, including SB/DVBEs, who are interested in participating in strategic sourcing opportunities register with the CSCR. This enables suppliers to receive important procurement information electronically. Suppliers can register by visiting the Procurement Division website at **www.dgs.ca.gov/pd** and clicking on *Contracts Register and S.O.S.*, and then *Subscription Outreach Services*.

TIMELINE

CSSI is currently underway and involves two phases. The first phase included an assessment of current processes, a review of existing spend data, and the selection of sourcing opportunities. The second phase involves conducting strategic procurements and the negotiation of contracts for selected product and/or service categories. Savings will be realized in the second half of this fiscal year, with additional savings to be accrued ongoing.

WHO IS INVOLVED?

CSSI is being led by the Secretary of the State and Consumer Services Agency, Fred Aguiar, DGS Director, Ron Joseph, and CSSI Program Director, Terese Butler. Representatives from DGS and many other departments are participating in developing the work plans and contract requirements for each category.

FOR MORE INFORMATION

If you have any general questions about CSSI, please feel free to contact the CSSI Help Desk toll-free at **(866) 885-8344** or visit the CSSI website at: **www.pd.dgs.ca.gov/stratsourcing**.

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