



NEWS RELEASE

Department of General Services - Ron Joseph, Director

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**STRATEGIC SOURCING SAVES MILLIONS
FOR CALIFORNIA TAXPAYERS**

State Signs First of Planned Contracts under Strategic Sourcing Initiative - Projected Savings Come from Paperclips and Post-It Notes

WEST SACRAMENTO - The California Strategic Sourcing Initiative scored its first big win Wednesday, landing the state a renegotiated contract for office supplies.

The renegotiated contract is projected to save roughly \$9 million between now and July 2006, when it expires. The state successfully leveraged its buying power to achieve an 18-19 percent reduction in the prices it pays today for the same goods.

"Governor Schwarzenegger has made it clear that modernizing the state's procurement system is a priority for this Administration," said Fred Aguiar, Secretary of the State and Consumer Services Agency. "We've been working hard to make that happen, and now we're seeing the results: lower prices and better values for California's taxpayers."

The contract with Boise/OfficeMax, the state's incumbent office-supplies provider, is the first in a series of new contracts under development.

The California Strategic Sourcing Initiative is an effort to improve the state's procurement system and get better values on goods and services the state is already buying. In strategic sourcing, the organization conducts a detailed analysis of its purchasing patterns, the market conditions and the available suppliers. Then it uses that information-plus new technologies and innovative contracting techniques-to find the best values available in the marketplace.

The strategic sourcing approach that is saving the state money on paperclips and Post-It notes can be used for almost any item-cars, computers, even brand-name pharmaceuticals. These are some of the categories where the state intends to develop new contracts in the coming months.

Strategic sourcing will provide ongoing savings for the state. These contracts will save some money in the current fiscal year and even more in 2005-06. And as the state expands its use of strategic sourcing, it expects to save yet more in the years to come.

"We've purposefully taken our time in California to analyze the data and develop our strategies to ensure that this initiative is as successful as it can be," said Ron Joseph, Director of the Department of

General Services, which is leading the initiative. "Now we're ready to take the next steps and start saving money."