



NEWS RELEASE

Department of General Services - Ron Joseph, Director

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**STRATEGIC SOURCING INITIATIVE HELPS STATE SAVE
MORE THAN \$50 MILLION ON DATA STORAGE EQUIPMENT**

***New Contracts with Northrop Grumman, Verizon, TIG, Western Blue and STA
Offer Average Savings of 68 Percent, Will Aid Consolidation of Data Centers***

SACRAMENTO - The State of California plans to award seven statewide contracts for data storage devices that are projected to save taxpayers more than \$50 million over the next three years, the Department of General Services announced today.

The three-year contracts, reached through the California Strategic Sourcing Initiative, offer discounts of 15 percent to 96.6 percent off the average prices previously paid by the State for comparable equipment. Overall, the State will save an estimated 68 percent in this category off its previous average pricing.

"Not only does this represent strategic sourcing's biggest success to date, it underlines the benefits of consolidating our State's data centers," said Fred Aguiar, Secretary of the State and Consumer Services Agency. "Instead of fighting each other for customers, our data centers are working together to cut costs and improve efficiency."

The heaviest discounts came in disk storage systems and storage area network (SAN) fabric. The successful bidders in those categories, Northrop Grumman and Verizon, are value-added resellers that bid EMC equipment. Northrop Grumman and Verizon will both receive awards for disk storage systems for both open environments and mainframes. The estimated value of those contracts is at least \$4.9 million for both companies combined. Northrop Grumman will also provide SAN fabric under a separate contract with an estimated value of at least \$1.2 million.

"Clearly, some technology firms are recognizing the tremendous business opportunity that is being created through strategic sourcing," said DGS Director Ron Joseph. "By offering aggressive discounts and strong service packages, companies can put their equipment in the hands of IT professionals across California."

The team of Sacramento-based Western Blue and Tustin, Calif.-based System Technology Associates won the bid for tape devices, bidding Hewlett-Packard equipment. The contract is projected to be worth more than \$15.6 million. San Diego-based Technology Integration Group won the contract for network-attached storage, bidding Dell equipment. The contract has an estimated value of more than \$490,000.

Each of the vendors agreed to subcontract at least 25 percent of the work to certified California small businesses. In addition, Northrop Grumman, Technology Integration Group and the team of Western Blue and System Technology Associates will subcontract at least 3 percent to certified disabled veteran business enterprises.

The contracts are especially important to the State's effort to consolidate its data centers. The new Department of Technology Services, created July 11 as part of the State and Consumer Services Agency, is in the process of merging the former Stephen P. Teale Data Center, Health and Human Services Data Center and DGS Office of Network Services into a single, more efficient provider of data processing and telecommunications services.