



NEWS RELEASE

Department of General Services - Ron Joseph, Director

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**STRATEGIC SOURCING INITIATIVE HELPS STATE SAVE
\$20 MILLION ON WIRELESS PHONES AND WALKIE-TALKIES**

State Reaches New Contracts with Verizon Wireless and Nextel for Equipment and Service

SACRAMENTO - The State of California plans to award statewide contracts for wireless communications equipment and services to Verizon Wireless and Nextel, the Department of General Services announced today.

The new competitively bid contracts, reached through the California Strategic Sourcing Initiative, cover wireless phones and service plans, along with other portable communication devices. The State achieved a 38 percent average cost reduction over existing contracts. The new contracts are expected to save the State roughly \$20 million over the next two years.

"This represents the latest in a string of successes for the California Strategic Sourcing Initiative," said Fred Aguiar, Secretary of the State and Consumer Services Agency, which oversees DGS. "Over the last two and a half months, the State has reached contracts expected to save more than \$100 million on the products and services we buy every day. That's a huge government success story."

Verizon Wireless will be the primary provider of wireless phones that do not include a walkie-talkie feature. Nextel will be the primary provider of walkie-talkies and wireless phones with walkie-talkie features.

Each company will also serve as secondary provider in the other company's category. Departments can choose the secondary provider when the primary provider's products or services do not meet their needs.

"We recognized early on that some departments, particularly those that operate in remote areas of the State, need more than one option for their wireless service provider," said DGS Director Ron Joseph. "These contracts offer the flexibility of multiple providers while ensuring that the State reaps the benefits of its tremendous buying power."

The contracts will run for two years, with three optional one-year extensions. Basic equipment will be provided by the contractors free of charge; the State will pay for service and for additional equipment. The State expects to spend more than \$26 million on cell phones, walkie-talkies and related devices and services over the next two years. Some departments may not immediately be able to take

advantage of the new contracts because they are in existing, fixed-term contracts with other wireless providers.

The new contracts were awarded through a competitive process where suppliers' scores were based 60 percent on pricing and 40 percent on technical and business requirements. Those requirements include coverage in different California counties and regions, customer references, customer service offerings, support during the transition from existing contracts, and other measures designed to obtain the best overall value for the State.

"Unfortunately, California continues to face long-term budget challenges as a result of its overspending in the past," Aguiar said. "As we face those challenges, it's critical that we continue to develop new and innovative ways of doing business-ways to accomplish more with fewer resources. Strategic sourcing is helping us do exactly that. It's the kind of smart business practice that citizens demand from their government."