



# CALIFORNIA STRATEGIC SOURCING INITIATIVE

## SUPPLIER – FREQUENTLY ASKED QUESTIONS

Updated May 3, 2005

QUESTIONS	ANSWERS
Why is the State introducing Strategic Sourcing now?	Strategic sourcing has been under study for several years. However, California's current fiscal crisis put a sense of immediacy on all of us in State government to explore new ways to save money. Regardless of California's fiscal needs, Strategic Sourcing is an industry best practice in procurement management and makes good business sense for meeting our ongoing commitment to California's taxpayers.
Are the CSSI contracts restricted to California businesses only?	We live in a global economy and the State wants to encourage competition. Therefore, bidding of all State contracts is open to suppliers outside of the State. Also, current law does not allow us to limit competition by restricting our purchases to California businesses.
How does Strategic Sourcing specifically help the State save money?	Strategic sourcing provides savings in many ways. The State is equipping itself with more information about product specifications, standardization of requirements and empirical pricing achieved for similar product in other markets. California does not intend to continue being a passive consumer. Additional savings arise through the transition to technology-based procurement systems wherever appropriate. The process began with the CSSI team developing a deep understanding of State agency's purchases. These insights enabled the team to identify the best sourcing approaches and technologies for our State. All other states and organizations that have used this approach have benefited from combined requirements across organizational entities for related products or services. Therefore, more standardization of requirements, larger volume purchases and longer commitments allow suppliers to offer better pricing.
Is Strategic Sourcing the same as "outsourcing?"	No. It is important that "outsourcing" not be used synonymously with this initiative. Strategic Sourcing is simply a methodology used to analyze an organization's current spending, the supply markets, as well as the markets and suppliers of the goods/services it procures. Savings result from making changes to the procurement processes for specific categories of goods/services based on the initial assessment.
Will sourcing include services?	Yes, services are highly competitive. Sixty percent of the State spend is for services.
What technology applications are utilized for Strategic Sourcing?	Internet-based supply-market research tools, online requests for information (eRFIs), electronic requests for proposals (eRFPs), reverse auctions, eProcurement for placing orders and tracking spend, and advanced database analysis will be used as part of the Strategic Sourcing process. The use of technology applications will benefit suppliers.



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What is a reverse auction?	The goal is to foster real-time competition between bidders. Unlike eBay, where customers bid higher and higher, reverse auctioning involves providing bidders a tool to bid against one another in real-time. Suppliers will see what other bids are without knowing who the bidders are and will be afforded the opportunity to submit an additional bid below the competition. Specific instructions and training for the reverse auctions will be provided to suppliers as part of the competitive sourcing process.
Are there any plans to automate Strategic Sourcing contracts to support online ordering?	Yes. Specific Strategic Sourcing contracts, particularly those for goods, will be required to be available for online purchasing. If your firm is awarded one of those contracts, the assistance will be available to support you in getting set up for online ordering.
How does Strategic Sourcing change the way the State currently conducts purchasing and contracting activities?	CSSI will introduce procurement and technology approaches that have been proven to provide savings to private and public sector organizations. We have conducted an assessment in the first phase that identifies the best savings opportunities. Currently, we are applying the right technologies to help us achieve those savings. California will become a smarter and more effective consumer under CSSI.
How will this impact leveraged procurement agreements (LPA), such as Master Service Agreements and California Multiple Award Schedules?	All existing purchasing activities will be reviewed for savings opportunities. Over time, many LPAs will be impacted. The State will probably use one or the other, but not both.
What is the commitment to small businesses (SB) and Disabled Veteran Business Enterprises (DVBE)?	The State maintains its commitment to SB and DVBE program participation levels. New CSSI contracts will meet or exceed existing levels.
Will small businesses (SB) and Disabled Veteran Business Enterprises (DVBE) be relegated to a subcontractor for the remainder of their business?	<p>Absolutely not. Not every contract will lend itself to being strategically sourced, so there will be many cases where agencies' unique requirements will continue to be procured much as they are today. For those categories that are strategically sourced, consideration will be given for how best to support SB and DVBE participation. In some cases, it will be advantageous for firms to combine resources to pursue and win a statewide or large contract that no one of them could win alone.</p> <p>The DGS will provide venues where firms can meet with other firms to form such business relationships. In some cases, these may be traditional prime/subcontractor arrangements, but they could be joint ventures, consortiums or other approaches that harness the creative energy that makes SB and DVBEs excel.</p>
Is CSSI a one-time initiative that ends after the initial three years?	No. The CSSI is only the beginning of a much larger effort to improve the procurement system for the State. One element of Strategic Sourcing is to analyze where potential savings opportunities exist and to go after them. It also includes a component of continuous improvement whereby the State will seek to improve its procurement processes on a regular basis.



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<p>I haven't received my username and password, even though I have registered with the Procurement Official to receive the eRFP. What should I do?</p>	<p>Once the eRFP is released, bidders will receive two e-mails. The invitation e-mail will come from the Procurement Official and will contain your username. For security purposes, your unique password is sent in a separate e-mail from <a href="mailto:ebreviate.security@atkearney.com">ebreviate.security@atkearney.com</a></p> <p>If as a recipient, you have enabled a spam blocker or firewall protection; this may prevent you from receiving your username and password. Please temporarily disable these security settings in order to receive important communications regarding this eRFP.</p>