



DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

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COMMISSIONER OF ADMINISTRATION

MEMORANDUM OSP02-12

DATE: May 16, 2002

TO: All Department Secretaries; Undersecretaries; Information Technology Directors; State Departments, Agencies, and Facilities; Colleges and Universities; Boards and Commissions

FROM: Denise Lea, Director

RE: Interim Guidelines for Procurement of Software, Hardware Maintenance and Software Maintenance and Support Services

In accordance with ACT 772 which was effective July 1, 2001, the data processing Procurement Support Team (PST) must "develop and deliver to the Office of State Purchasing and the Office of Information Technology proposed rules establishing guidelines for procurement activities. Upon approval of the Office of Information Technology, the Office of State Purchasing shall promulgate rules in accordance with the Administrative Procedures Act." These guidelines would govern the procurement of software, hardware maintenance and software maintenance and support services (R.S. 39:199C & D).

The following are interim guidelines which have been established to assist agencies with their R.S. 39:199C & D procurements:

Agencies must continue to justify their software procurements in accordance with LAC 1-9:4 (see attached). Computer software offered commercially ("off the shelf") can continue to be purchased non-competitively if the justification supports doing so. Otherwise, the software must be competitively bid. Custom software must continue to be procured through the Office of Contractual Review.

Procurements of hardware maintenance, software maintenance and support services < \$50,000 will continue to be handled non-competitively. For procurements > \$50,000, the following procedures will apply:



Software maintenance in which the software vendor is the only authorized entity to provide product fixes, patches, updates, or upgrades or in instances where the software manufacturer/developer retains ownership of the source code, can continue to be handled non-competitively through R.S.39:199D. Any other type of software maintenance must be competitively procured through either the Invitation to Bid (ITB) or Request for Proposal (RFP) process.

Hardware maintenance for mission critical equipment (such as mainframes, mainframe peripherals, enterprise servers, or network backbone components) obtained from the OEM can continue to be handled non-competitively through R.S. 39:199C. Maintenance not acquired through the OEM must be competitively procured through either the ITB or RFP process. The successful vendor must be authorized to perform warranty service on the specific devices.

Agencies currently operating under a software maintenance and support or hardware maintenance contract(s) which will now have to be competitively procured should consider extending their current contract(s) for a six-month period to allow for the procurement process. Each extension amendment should contain a clause allowing for cancellation by the agency with thirty (30) days written notice to the vendor. The extension amendment(s) for contracts in excess of \$100,000 will not have to be submitted to the Procurement Support Team (PST) for approval if the scope of services remains the same.

The Office of Information Technology has issued a Request for Proposal (RFP) for Consulting and Support Services for certain procurements from \$50,000 to \$1,000,000. This RFP will result in Consulting and Support Services Agreements which will be available for use by all state entities. These agreements will be established with successful vendors who will then compete at the agency level in the following technical areas:

- Application Development/Database Development/Project Planning and Management
- Web Development
- Security Administration
- Disaster Recovery
- Network Admin./Desktop Support/Help Desk and Non-Mainframe Class Servers
- Mainframe Class Server Technical Support

Since the new CSS agreements will not be executed until after the new fiscal year begins, agencies should also consider amending their current contracts for these types of services. In preparation for use of the new CSS agreements, agencies are advised to begin developing a Statement of Work (SOW) and evaluation criteria for each of their projects. This information will be utilized in the new competitive process whether it is through the use of the CSSA, ITB,

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or RFP process, whichever is in the best interest of the agency. Services in excess of \$1,000,000 must be competitively procured through either the ITB or RFP process.

If you are uncertain as to how your particular needs are to be handled, please contact the OIT Analyst assigned to your department. The main phone number for the Office of Information Technology is 219-9470.

DL/ssl

c: Edgar Jordan, Assistant Commissioner
Chad McGee, CIO, Office of Information Technology
Allen Doescher, Office of Information Technology
James Howze, Office of Information Technology

1-9:4 Justification for Procurement of Computer Software

2.1 This rule will describe the information that all agencies in the Executive Branch must furnish when seeking the approval of the State Central Purchasing Agency to acquire computer software. Computer software, for the purpose of this rule, is defined as any program or series of programs offered commercially to computer installations. If the cost of the software to be acquired is under \$5,000, no justification to the State Central Purchasing Agency is required.

2.2 In a request to the State Central Purchasing Agency the following must be provided to avoid delays in approval.

2.2.1 Provide a general description of the mission of the computer installation for which this software is requested.

2.2.2 Provide a description of the computer hardware on which the new proposed software is to be used. State what operating system is used.

2.2.3 Describe the tasks to be accomplished by the proposed software and tell why the accomplishment of these tasks justifies the cost of the package.

2.2.4 Provide a cost breakdown of the proposed software as follows:

A. cost of the software

- 1. permanent license fee**
- 2. annual license fee**
- 3. fixed term license fee length of term;**

B. installation cost;

C. personnel training cost;

D. cost of any additional hardware to be acquired to support this software;

E. annual maintenance costs;

F. miscellaneous costs not covered above.

2.2.5 If the request is not for a permanent license, give subsequent year costs. Explain fully any multi-year benefits such as permanent license, after three years, etc.

2.2.6 State the overall impact the software will have on the performance of the installation and the factors used in reaching this conclusion.

2.2.7 List all known software packages investigated which claim to accomplish the required task. Name each investigated, their total cost, and the rationale for selection or rejection. State the source used to obtain the list of possible vendors, for example, Datapro or Auerbach.

2.2.8 If the proposed acquisition was budgeted, provide certifiable evidence of specific funding. If not provide a detailed explanation of funding and an approved BA-7 or other evidence of approved funding.