

# COSTARS™ CONNECTION

Volume 1, Issue 3 ★ Fall, 2007

## SPOTLIGHT

### COSTARS 3: IT Hardware is Huge Success

Pennsylvania's Local Public Procurement Units (LPPU's) buy a significant number of computers. In fact, COSTAR's IT Hardware contract, COSTARS 3, is, by far, the program's largest contract. In 2006, it generated almost \$45 million in spending. That total has already been surpassed in 2007. In addition, COSTARS members purchased another \$6 million worth of hardware in 2006 off the state's IT Hardware contract. That's a lot of computers!

Actually, the contract includes more than just PC's and laptops. It also includes monitors, servers, data storage items, cameras, printers, scanners, etc. Suppliers may also choose to offer important ancillary services such as installation, training, and maintenance service.

Through August, 2007, the contract's current 134 authorized suppliers have already racked up more than \$66 million in sales!

Ron Main, Chairman of Questec Technology Management, Moon Township, used to do a lot of business with other cooperative purchasing programs. Today, he prefers COSTARS.

"It's a better deal for both buyers and sellers," he believes. The costs associated with other programs are "extreme."

COSTARS charges awarded suppliers \$500 per year, and there is no cost to members. Main expects his company to do more and more government work. His company will shortly submit a bid on the COSTARS Software contract.

Another fan of the COSTARS Hardware Contract is Rick Verdi, Major Account Executive for Canon Business Solutions.

"We're thrilled with the program," Verdi says. "It gives us and our customers the flexibility that allows us to create a custom solution that fits the client's unique needs, while eliminating the need for public bidding." Integra One of Allentown, PA., has already doubled its entire 2006 COSTARS sales. Marty Andrefsky, Vice-President of Sales & Operations, attributes that growth to the fact that ... "Clients are more educated and aware about the program. COSTARS is widely accepted as a good contract. We love it. Our clients love it."



Although Integra One participates with several other cooperative purchasing contracts, COSTARS is the most popular with his public sector clients. According to Andrefsky, customers can't figure out what they are getting for the extra fees that other cooperative programs charge to both suppliers and purchasers. From the suppliers' perspective, Andrefsky likes the flexibility of COSTARS that allows Integra One to add products and to specialize in certain product applications.

Before COSTARS, Integra One was on the state's IT Hardware Contract. While the transition to COSTARS was "a little scary," Andrefsky and his team of five public-sector sales associates are doing much more business much more effectively through COSTARS.

Visual Sound, Inc., of Broomall, PA., is currently focused on serving the education segment of the COSTARS membership, according to Ann Pfister, Director of Education Sales for the firm. They plan to expand into the governmental arena in the near future, she says.

"The key to our success has been our marketing team that is exclusively dedicated to providing solutions to the unique challenges of schools and colleges. We don't just provide a once-and-done approach that is so common to the bidding process. We partner and develop relationships with our customers. Public bidding encourages a low-ball bid that is inevitably followed by multiple, expensive, and unexpected change orders. With the COSTARS process, there are virtually no change orders and the customer knows what the bottom line will be from the very beginning. Our high rate of repeat business demonstrates that the customer is highly satisfied with the com-

*Continued on Page 4*

## Road Salt Update

### *New Contract Awarded*

The 2007-2008 Sodium Chloride (Road Salt) Contract (#6810-12) has been awarded effective Aug. 1, 2007. The contract has been posted on the Department of General Services' web site and is available for members to review and download.

Each county has one authorized supplier. Statewide, the awarded suppliers were: North American Salt, International Salt, Cargill, American Rock Salt, and Morton International. On average, contracted prices increased 9.5 percent. The increase is largely attributable to higher transportation (gasoline) costs, according to contract administrator Sandi Verbos.

**To view the contract, visit our web site at [www.dgs.state.pa.us/costars](http://www.dgs.state.pa.us/costars).**

Click on the following paths:

- > **MEMBERS** (in the middle of the page) In Member Area enter your Member ID and Password. Log in.
- > **NEWSFLASH** (on the right)
- > **2007-2008 ROAD SALT CONTRACT LINK** You will be able to view the entire contract and print the information you need.
- > **POLITICAL SUBDIVISIONS** (on the left, under OPTIONS) Look for your community. Your ordered quantity, authorized supplier, and price per ton will be listed.



## New Process for 2008-2009

The commonwealth continually analyzes its business practices to increase efficiency and to seek better pricing from the suppliers interested in participating in its contracts, including the sodium chloride contract. This contracting process has proven to be successful in obtaining excellent pricing for sodium chloride that has resulted in substantial savings to commonwealth agencies and to YOU. We are sensitive to the constraints and influ-

ences which impact each of you who rely on acquiring sodium chloride to address your winter roadway needs.

Next year, COSTARS members will have the ability to file their Salt Contract Participation Agreement electronically, through the COSTARS web site. Beginning in January, 2008, members will access the agreement form from the members' only section, complete it online, and submit directly to DGS. They will be able to review and/or edit the agreement anytime up to the deadline.

In keeping with our practice to annually reassess our contracting process used in soliciting competitive pricing for this commodity, we have discussed the potential for changing the application due date from March 31 to March 15 for the 2008 application year. This change would provide additional time for the Bureau of Procurement to prepare to engage in negotiations with the suppliers that we believe would result in even more favorable pricing.

We continue to reach out to you, our customers, for your comments concerning the potential change to the application submission deadline. Please let us know your thoughts concerning this change. We encourage you to submit your comments on this subject to our COSTARS team via e-mail at [gspacostars@state.pa.us](mailto:gspacostars@state.pa.us). You may also contact us toll-free at 1-866-768-7827.

## ACCESS PAST ISSUES

In case you have never received or reviewed the COSTARS Newsletter, you are able to view previous copies by visiting the web at [www.dgs.state.pa.us/costars](http://www.dgs.state.pa.us/costars)

Click on the following paths:  
under **COSTARS QUICK LINKS**, click on **COSTARS Newsletters** and select the copy to view.

## COSTARS CONNECTION

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Further information on the COSTARS Program is available by phone at (866) 768-7827 or on the web at <http://www.dgs.state.pa.us/costars>

## Shopping for the Best Value

The chief benefit of the COSTARS procurement process is the flexibility it provides to COSTARS members to make their purchasing decision based on their own criteria. Those factors certainly include price, but they also can include such things as compatibility with pre-existing equipment, keeping tax dollars in the local economy, and previous relationships. They may also include ancillary services, such as delivery, set-up, training, and warranty.

The second most important benefit is the dollar and time savings by not having to go through the public bidding process – a savings we estimate as \$2,400 per bid, on average.

The smart purchaser still should do some homework. Instead of picking up the phone and making one call to a “favorite” supplier and placing the order, you may find a better value for your organization through comparison shopping. Comparing prices or “discounts” on the contract is a pivotal, but only an initial step.

**REMEMBER** – the price in the contract should be considered the ceiling price, not necessarily the bottom line! The responsible and knowledgeable COSTARS buyer makes a list of needs and wants (including ancillary services), comparison shops on the contract (checking out both the statewide agency contract and the COSTARS contract, where applicable), and then may elect to call several authorized suppliers (That’s the beauty of COSTARS’ multiple vendor contracts).

After communicating the requirements in detail, the COSTARS purchaser solicits a price from each of the suppliers that are contacted. You decide with whom you want to do business, based on all of your criteria, including any additional discounts you may be successful in negotiating.

The result is “best value” purchasing and maximum return on investment for your procurement dollar.

### ATTENTION SUPPLIERS

Registering in SRM and receiving a Vendor Number does not mean you are an Awarded Vendor and able to sell your products to COSTARS Members. You must first respond to bid opportunities posted on the DGS COSTARS web site. After successfully responding to the bid opportunity, you will be awarded a COSTARS contract.

## “How are we doing?”

### New Contract Awarded

When Ed Koch was Mayor of New York City back in the 1980’s, he would famously greet his constituents with the question “How am I doing?”

The COSTARS staff wants to know the same thing: How well (or badly) are we serving the needs of our constituents (our members and authorized suppliers)? What can we do better? What other contracts would be helpful?

A quick and easy to use feedback survey is available on our website by going to [www.dgs.state.pa.us/costars](http://www.dgs.state.pa.us/costars). Click on **COSTARS MEMBER** and on the right menu, click on Begin Survey. Among the other questions are:

- How often have you used the COSTARS program?
- What contracts could your organization use?
- How much do you think you save using COSTARS?
- How would you rate our customer service?
- What do you like best about COSTARS?

We respectfully request that all COSTARS members complete the survey (right after you check and update your profile. See page four). It should take less than four minutes to complete and would be immensely helpful to us in our efforts to help you.

### CURRENT COSTARS CONTRACTS

COSTARS - 1	Copiers
COSTARS - 2	Office Furniture
COSTARS - 3	IT Hardware
COSTARS - 4	Office Supplies
COSTARS - 5	Janitorial Supplies
COSTARS - 6	Software
COSTARS - 7	Foods
COSTARS - 8	Maintenance, Repair, Operation
COSTARS - 9	Graphic & Printing Services
COSTARS - 10	Voting Systems
COSTARS - 11	Toiletries
COSTARS - 12	Emerg. Responder Loose Supp.
COSTARS - 13	Emerg. Responder Vehicles
COSTARS - 14	Recreational & Fitness Equip.
COSTARS - 15	Waste Water Treat-Consumables
COSTARS - 16	Waste Water Treat-Equipment
COSTARS - 17	Waste Recycling Containers
COSTARS - 18	LED Signals
COSTARS - 19	Medical Supplies
COSTARS - 20	Laboratory Supplies

## Stay Current

### Update Your Profile

Periodically, COSTARS staff must communicate with our members regarding important news, updates, notices, etc. It is critical that we have accurate contact information for each of our 4,850 members, including a contact person's name, address, phone, and email. Members can confirm that their information is up-to-date and/or update their profile through the COSTARS web-page. Connect to COSTARS using this link,

[www.dgs.state.pa.us/costars](http://www.dgs.state.pa.us/costars) >

**COSTARS MEMBER.** Log in with your COSTARS Member ID and password and select Update Profile, make the changes you need and submit.

## Budget Reminder

As you prepare your 2008 budgets, reference our state agency & COSTARS contracts to better approximate your budgetary costs.

Remember, most members can purchase over 80 percent of their commodity needs at substantial savings through the COSTARS program for line items including: Advertising, Aggregates, Building Security Equipment, Cleaning Supplies, Computers, Copiers, Food, Fuel, Furniture, Light Bulbs, Medical Supplies, Office Supplies, Power Equipment, Software, Tires, Uniforms, Vehicles and much more!

### **COSTARS 3: IT Hardware** *Continued from Page 1*

petitive value that they received. And that demonstrates the effectiveness of the COSTARS model."

Pfister admits that the COSTARS process was "difficult" the first two years. "There was very little awareness of the program. That has changed over the past year. The word has spread!" Pfister concludes that the secret of the COSTARS process is that "the power is in the hands of the end user. They make the buying choice based on their ranking of the factors of price, value, and service."

Another company that uses "relationship" selling through the COSTARS program with great success is 15-year-old, Mechanicsburg-based LAM Systems. President Rob Meier notices that "more and more school districts are using COSTARS. It's a reputable contract that's easy to use for the buyers."

LAM's secret, according to Meier, is value-added services.

"Our price has to be competitive, and when you add other factors such as consistency, delivery, set-up, and service, our clients' total return on investment is superior."

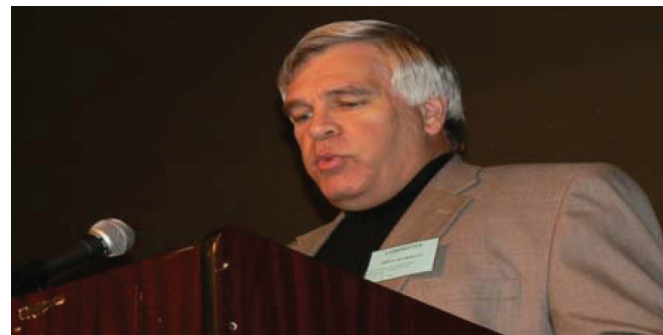
## Spreading the Word

### Membership Growing

The COSTARS Marketing Team, Director Tim Fulkerson and Manager Bruce Beardsley, have been on the road all summer extolling the many virtues of the COSTARS Program. Their message of lower costs and increased flexibility is finding a receptive audience among prospective members, as evidenced by the strong and consistent growth of the COSTARS membership. Since April, more than 400 new members have signed on, bringing total COSTARS membership to more than 4,850. That's an average of almost four new members per business day!

This summer, COSTARS representatives appeared before:

- PA League of Cities;
- PA State Association of Township Commissioners;
- Pittsburgh Fire Rescue & EMS;
- County Commissioners Association of PA;
- PA Boroughs Association;
- Johnstown Chamber of Commerce;
- PA Emergency Health Services;
- PA Council of Governments;
- PA School Boards Association;
- PA Association of County Affiliated Homes;
- Penn State Cooperative Extension;
- Eastern PA EMS Conference.



COSTARS Marketing Manager Bruce Beardsley

They also conducted workshops sponsored by the following state legislators:

- Senator Bob Regola;
- Senator Mike Fullmer;
- Senator Dominic Pileggi;
- Rep. Thomas Murt;
- Rep. Duane Milne;
- Rep. Don Moul;
- Rep. Todd Rock;
- Rep. Bryan Lentz;
- Rep. Jess Stairs;
- Rep. Jaret Gibbons.