

TASK GROUP ON ICT ACQUISITION

Report of the Task Group

1.0 Introduction

- 1.1 The Task Group's original round of meetings took place in the run-up to the agreement and implementation of a new contract framework for the the procurement of ICT equipment and services. At the request of the Committee, the group had been reconvened to review what has been achieved under the new contract and what savings would be achieved.
- 1.2 The reconvened Group met on 20 November and 15 December 2008 and notes of its meetings are attached as Appendices A & B. Arising from the consideration at those meetings of detailed figures on the acquisition, support and disposal costs of ICT equipment (and related issues such as packaging, data security and future equipment provision). Those detailed discussions led the Group to the conclusions and recommendations set out below.

2.0 Conclusions and Recommendations

- 2.1 Having considered the issue in some detail, the Task Group is satisfied that the framework contract and the associated "mini-competition" process represent an economic and effective method of acquiring ICT equipment which is responsive to the changing market producing real savings for the Council.
- 2.2 The recent adverse movements in exchange rates are however likely to offset some of those savings.
- 2.3 The Task Group recommends that the Council should assure itself that the terms available to procurement consortium partners do not entail costs which the County Council would not otherwise have incurred.
- 2.4 The Council's 4-year replacement cycle is well-founded in detailed evidence of the reliability of the installed equipment.
- 2.5 Care is taken to ensure that the equipment acquired is consistent in its configuration, thereby minimising support costs. Over the last three years, efficiency savings of £900,000 have been derived from reduced maintenance and procurement costs directly attributable to the standard desktop approach.
- 2.6 The Task Group endorses the evaluations being undertaken to ascertain whether items such as monitors can be replaced on a longer cycle than "boxes" and keyboards.
- 2.7 The Task Group also notes the work underway to replace PCs with cheaper "thin clients" in suitable uses and to make council systems available through equipment already owned by staff working form home.
- 2.8 The extended guarantee system in use is carefully costed and can be justified in comparison to alternatives such as a separate maintenance contract.
- 2.9 Thorough, certified procedures are used to ensure that equipment is "cleansed" of Council data before it is disposed of.

2.10 There may be scope to reduce the amount of individual packaging of equipment but this would have to be balanced against the costs of introducing specialised handling and storage facilities which could accommodate such deliveries without risking damage.

2.11 The Task Group has asked for the following additional information:

- an update to the Committee's 19 March 2009 meeting on the outcome of the January 2009 "mini-competition";
- the number of smartphones in use in the organisation;
- a demonstration at a suitable future date of a "thin client" and a tablet PC.

Roy Connelly (Chairman)
Gerry Brook
John Hart
William Mumford

Electoral Divisions: All
Executive Member: All

Local Government Act 1972 List of Background Papers		
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Background Paper	Date	File Reference
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APPENDIX A

Meeting of 20 November 2008

Present: Councillors Connelly (Chairman), Brook and Hart

Apologies: Councillor Mumford

Officers: Rob Parkhouse (Head of ICT Services)
Nick Beale (Scrutiny Manager)

1. Background

Previous meetings of the group had taken place in the run-up to the agreement and implementation of a new contract framework for the the procurement of ICT equipment and services. At the request of the Policy & Resources Overview/Scrutiny Committee, the group had been reconvened to review what has been achieved under the new contract and what savings would be achieved.

2. The contract

Work on the contract was completed in March 2008. Devon and seven other county/unitary councils had been involved in establishing the contract framework but 44 local authorities were eligible to use it. Included were computer hardware, software, peripherals and related services.

The framework contract was for three years with the option to extend for a further year. It was divided into lots reflecting the wide range of products and services required. Each lot was awarded to several suppliers, allowing individual consortium members to conduct a “mini-competition” when purchasing the goods or services within any given lot. Devon County Council completed the mini competition for the major hardware products in May 2008.

It was estimated that the consortium’s expenditure across all the lots would exceed £23,000,000.

The procurement methodology and contract management are fully in line with the Corporate Procurement Strategy.

3. Mini-competition results

To ensure effective maintenance support and security, hardware and software platforms must be consistent across the Authority. Successful hardware suppliers in the for 2008/09 mini-competition were:

Desktops

Stone Computers (formally Compusys) own brand.
Desktop Price £373 excluding software (but including £38 for a 4 year warranty).
Saving of £133 per unit, based on an average of 1000 units purchased per year equates to £133,100.

Laptops

XMA Computers for the HP range of Laptops.
Laptop price £498 per unit.
Saving of £277 per unit, based on average of 200 units purchased per year = £45,400.

Tablet Computers

XMA Computers for the Fujitsu indoor and outdoor ranges.
Device price £1,115 per unit.
Saving of £149 per unit, based on an average of 50 units purchased per year = £7,540.

Savings of £59,077 had been achieved on services such as maintenance, installation and asset management (security marking, configuration, and disposal) and the projected total for efficiency savings across all aspects of procurement of products and services for the County Council was £245,117.

Prices were compared to benchmarks set by the Society of Information Technology Managers (SOCITM) and the central government procurement framework. Results due in January 2009 would enable the council to compare the price we buy at compared to a number of other Local Authorities.

Purchasers could use the process whenever they wished (meaning for example that they could take advantage of favourable market conditions) but most did so annually and the next mini-competition would run again in January 2009.

Recent exchange rate movements against the US dollar were edging ICT component prices upward which could lead to a £64/unit increase in the cost of the desktop while recent product changes had seen laptop prices rise by £40/unit.

Whilst replacements for Windows XP and Microsoft Office would eventually be needed, when these products were no longer supported by the manufacturer, this would not be an issue in the next 12–18 months.

4. Replacement and recycling

Devon operated a four-year replacement cycle for PCs. The Audit Commission saw three years as the optimum while some councils went to five years. A shorter cycle was at first sight more expensive but this could be offset by reduced servicing costs (newer equipment tending to be more reliable) and by the greater resale value of the equipment being replaced.

When computers were replaced, they passed to the organisation Computers for Charity which provide refurbished ICT equipment to charities and voluntary or community groups. Several authorities across the UK operate a similar procedure. One had recently developed a scheme to make replaced equipment available cheaply to benefit claimants. This development was fairly new however and the concept was being reviewed.

The Council was reviewing all aspects of the desktop replacement policy to ensure value for money. One possible option being considered was to extend the life of lcd monitors so that they were not automatically replaced along with the "box" itself.

5. ICT and flexible working

The introduction of the Citrix Access Gateway system, enabling authorised users to work within County Council systems from their own PCs, could mean that some employees (and elected members) need no longer be provided with Council hardware.

6. Data security

Disposal of hardware and transfer to Computers for Charity was a service carried out under the hardware replacement contract. The process required the erasure of data from the old machines in an audited process, before they were passed on to a new owner. If a laptop or PC is reported lost or stolen, its access to County Council systems can be blocked. An encryption system is being introduced which will protect data held on or downloaded to a device.

The Council's filters removed around 100,000 "spam" emails each day but this was a constant battle, complicated by the need to allow legitimate traffic (e.g. in the child protection field) that often contained words that would trigger a filter.

7. Corporate ICT Strategy

The corporate standard desktop had now been in use for eight years, allowing all directorates to communicate effectively through common diary, calendar, word processing and spreadsheet facilities. The relatively small product base meant made it easier to ensure the necessary level of support for users.

The approach had generated economies of scale and made it simpler to share information and systems with partners such as the Primary Care Trust and others in the public sector. Total cost of ownership was contained through common standards, common hardware, common software and the lifespan of products. Over the last three years efficiency savings of £900,000 had been derived from reduced maintenance and procurement costs directly attributable to the standard desktop approach.

8. Mainframe

The mainframe had now been physically removed from County Hall following its decommissioning. The space was now occupied by other servers including those of the Primary Care Trust.

9. Smartphones and RIM Blackberries

The criteria for issuing smartphones were determined within each directorate. The devices were paid for out of directorates' budgets but there was a corporate contract for the supply of such devices and their use on the mobile network.

10. Next meeting

Members **AGREED** to meet again at 10.00 am on Monday 15 December 2008.

RP was asked to provide a breakdown of faults dealt with under the Council's service contract (e.g. were there clusters of problems or were they evenly spread across the organisation; were older machines less reliable etc.).

Members also asked for: (a) a comparison between the costs of the present four-year replacement cycle (and the associated £38/machine service agreement) and the three year cycle recommended by the Audit Commission; and (b) more information about the number of smartphones/Blackberries in use and their costs.

APPENDIX B

Meeting of 15 December 2008

Present: Councillors Connelly (Chairman), Brook and Hart

Apologies: Councillor Mumford

Officers: Rob Parkhouse (Head of ICT Services)
Jan Shoesmith (Head of Service Management, ICT Services)
Nick Beale (Scrutiny Manager)

11. Notes

The notes of the meeting held on 20 November 2008 were **AGREED**.

12. Equipment faults and warranties

The group considered statistics for reported hardware fault, showing a steady reduction from 3035 in 2004 to 1747 in 2008. That faults had decreased while the installed equipment base had increased was indicative of the benefits of a careful balancing of cost and quality in procurement policies.

Most faults with desktop computers were with hard disks and power supplies; with laptops it was hard disks, batteries and memory.

The group also received a breakdown of hardware failures by equipment type and directorate from January–November 2008. These figures showed that overall 41% of the 1670 reported hardware failures occurred in the fourth year (i.e. the last year of life under the present replacement policy). ICT services had sufficient data to cost out each fault

according to the nature of the work required and also to identify equipment or components particularly prone to failure.

The present four-year extended warranty taken out by the Council cost £38 per item and there was no additional charge for abortive call-outs. A separate maintenance contract would be more expensive, with an average daily rate for engineers of £250. The task Group also received a year-by year comparison of warranty versus maintenance costs over a four-year cycle.

Extended warranty provided the following over and above the standard manufacturer's warranty:

- a guaranteed 8-hour fix;
- an engineer with experience of our equipment and software setup;
- installation of loan equipment where it not be possible to replace or repair within 8 working hours;
- re-installation of the DCC setup and testing of applications before leaving site.

Manufacturer's warranties could be either a "return to base" or "next day on site" response. (Responses could take 16 hours or more, depending on the time of day the call was logged.) There were no guaranteed fixes and no loan equipment left if the engineer was unable to fix the problem on the first visit. Most of these warranties were based on a "just in time" response with parts being shipped direct to the user's site. Customers were also asked to perform quite extensive diagnostics before the fault was accepted for a site visit.

13. Replacement cycles, resale values and disposal costs

The costs associated with disposing of equipment (including the certified data cleaning process and the removal of County council security markings) left it with little or no net resale value.

IT Services were currently looking at extending the replacement cycle for LCD monitors to seven years (except for some particular uses) and anticipated a general move toward greater flexibility to accommodate differing demands of regular office work, hot desking and home working.

14. Packaging and Delivery

Packing was included for consideration in the tender specification as part of the Environmental information and responses were scored accordingly.

Devon's IT equipment is either delivered direct to the Council's stores or held in bonded stock and called down as required. Stone Computers provide the warehouse management facility on the Council's behalf.

Current policy provides that after delivery, all machines are unpacked and the boxes dealt with in one of three ways:

- Stone Computers storeperson uses them to return parts;
- DCC staff collect them to reuse in their particular departments;
- boxes are stacked in the loading bay for recycling.

Each box is labelled specifically with the individual details of the PC or equipment inside and in most cases a box will also be labelled with an order number.

This is a particularly efficient way of managing stock as detailed records are kept about the booking goods in and out and therefore creates a good audit trail.

PC's can be palletised with cardboard separators and shrink-wrapped, obviating the need for boxes and allowing peripherals such as keyboards to be delivered in bulk. However, such deliveries would demand a special handling facility to unload and move equipment without risk of damage (in particular through shock to hard disk drives). A bulk delivery option will form part of the detail for the mini-competitions being held in January 2009.

15. Economic conditions

As noted at the previous meeting, the weakening of the £ sterling against the US \$ had already added £64 to the price of a desktop computer. The contract framework did not set upper or lower limits for exchange-rate variations.

16. Smartphones and RIM Blackberries

The criteria for issuing smartphones were determined within each directorate. The devices were paid for out of directorates' budgets but here was a corporate contract for the supply of such devices and their use on the mobile network. Most smartphones were acquired through Devon Procurement and there were three supported models (HTC TyTN II, Blackberry 8820 and Blackberry Pearl). Each had different strengths, so choosing between them was a matter of the features the user required. The Task Group received information on the costs of purchase and monthly contract charges (calls were additional)

17. Thin clients

These were desktop terminals with only limited power "in the box", relying instead on the software, processing and storage of a central system. ICT Services were evaluating these devices which were expected to cost about £200 but would not be suitable for all users.

10. Next steps

The Task Group has asked for:

- an update to the Committee's 19 March 2009 meeting on the outcome of the January "mini-competition";
- the numbers of smartphones in use in the organisation;
- a demonstration at a suitable future date of a "thin client" and a tablet PC.