

**DES**

Washington State  
**DEPARTMENT OF  
ENTERPRISE SERVICES**



# Information Technology Contracts Report

OCTOBER 2024

CONTRACTS & PROCUREMENT  
DIVISION

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## 2024 Legislative Report

# Agency Overview

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The Department of Enterprise Services (DES) provides centralized services to state government agencies; to other public entities such as cities, counties and tribes; and to Washington residents.

DES' mission is to strengthen the business of government for a sustainable and just future.

We do this by creating overall operating efficiencies so our state's government entities can focus on their core missions. Our buying power, economies of scale and years of experience help government get the best value for the products and services we need to support our missions.

## Key Services

- Capitol Campus management
- Construction & public works
- Contracts & procurement
- Employee Assistance Program
- Energy efficiency
- Engineering & architectural services
- Facilities management
- Fleet management & EVs
- Parking management
- Print & mail services
- Property management
- Real estate services
- Risk management
- Small agency support
- Surplus property
- Training & workforce development



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# Introduction

Of the 145 agencies required to report their IT contracts to DES, all but 11 submitted a complete report.

Washington Technology Solutions (WaTech) provided Agency Financial Reporting System (AFRS) data and an IT tower analysis of types of service and cost pools (categories aligned with state general ledger accounts) to include in this report. See details on pages 17 to 20.

Agencies who did not complete the reporting requirement for 2024 are:

Governor's Office of Indian Affairs, (GOIA)

Housing Finance Commission, Washington State (HFC)

Volunteer Firefighters and Reserve Officers, Board for (BVFFRO)

Washington Higher Education Facilities Authority (WHEFA)

The Evergreen State College (TESC)

Wine Commission (WINE)

Beer Commission (BEER)

Olympic College (OLC)

Skagit Valley College (SVC)

Walla Walla Community College (WLC)

Bates Technical College (BATES)

# Statutory directive

The Information Technology (IT) Contracts Report is required by a proviso in the [2023-25 Operating Budget, SB 5187, section 153\(4\)](#). The proviso directs DES to receive, compile and submit a list of IT contracts for all state agencies and institutions of higher education to the legislative fiscal committees by Oct. 31 of each year.

WaTech is required in the [2023-25 Operating Budget, SB 5187, section 155\(12\)](#) to collaborate on this report with DES and provide data and an analysis by Sept. 1 each year for all agencies.

This is the sixth year DES is submitting this report. It provides a narrative and analysis of the state's overall IT contracts portfolio.

## Background

In July 2024, DES provided a recorded overview of IT contracts reporting and posted it on the IT contract reporting [web page](#). DES held two separate Q&A sessions, one designed for beginners and one designed for those more experienced in IT contract reporting. We were able to offer more time for questions with this blended learning approach. DES communicated to agencies that the following criteria must be met for their reports to be accepted:

- Fill out ALL required fields - do not leave any blanks.
- Report the DES statewide contract number for all DES statewide contract purchases (formerly known as master contracts).
- Fill in the spending amount columns for every year the contract is active. DES will check if the spending amount columns are filled in for the contract start and end dates entered in the report.
- Only report numerical figures in the spending amount columns. Any notes should be entered into the contract amount explanation field.
- The IT tower fields must be entered as percentages, and the total percentage column must equal 100%.
- Reports are due by Sept. 1.

DES provides a template to help agencies reduce rework and accurately report data. The template calculates the fiscal years based on the contract dates and uses conditional formatting to highlight errors, zeros, or blanks in required columns. The template autofills the contract start and end dates along with IT tower percentages for statewide contracts. Agencies are instructed to review the tower percentages that autofill and confirm that they align with their use of the statewide contract.

# Data integrity

DES required agencies to use the IT statewide contract number for contracts marked as DES statewide contract purchases and to use the contractor names provided in the template workbook. DES does not have access to agency contract databases, so an audit of the report submissions was not possible, but rigor was applied around the acceptance of agency reports.

If required columns in reports were blank, such as missing contract numbers and/or missing total contract spending amounts, DES rejected the agency submission and required resubmission. DES reviews each report for required complete information.

# Methodology

## Tools

DES provides an IT contract reporting template with conditional formatting highlighting errors, zeros, or blanks entered in required fields. The template also includes formulas to calculate fiscal years (FYs) for each contract based on the start and end dates.

Also included in the template workbook are:

- A list of IT statewide contracts and cooperatives.
- A list of IT statewide contracts and the IT tower percentages associated with those contracts.
- A list of the FY24 contractor names, agency numbers and names required to complete the report.
- Examples of contract amount explanations.
- Links to additional resources.

DES maintains and updates the [Reporting IT Contracts](#) webpage, which includes a reporting guide and other resources for agencies to reference. It also supplies agencies with a list of IT statewide contracts and vendor-reported spending so they can more easily and accurately report their use of statewide contracts.

DES provided a recording detailing information about the required reporting for agencies to review. DES also held 2 open Questions and Answers sessions for agencies.

DES has a designated IT contracts reporting inbox monitored daily to answer questions and provide one-on-one support for agencies.

## Challenges

There were two main challenges agencies faced when meeting report requirements:

1. DES performs a rigorous review of each report, requiring agencies to use a list of provided contractor names and the DES statewide contract number and term dates for all contracts marked as a statewide contract purchase. While these efforts improved the time to scrub the data and complete the analysis, they also resulted in more reports being returned to agencies for corrections.
2. Agency submissions were not always able to meet the requirements due to individual agency systems not holding historical data.

# Findings/results

## Data from 2024 Agency IT Contracts Report

The total contract amounts reported by agencies and institutions of higher education in the 2024 IT Contracts Report is **\$7.5 billion** for all fiscal years since 2000. Below are a series of tables that display the top 10 vendors when the data is sorted by key fields. The data in the following summary tables exclude the agencies that have not turned in completed reports.

### Top 10 vendors with the highest total contract value for all fiscal years and number of agency users

\*Data includes future amounts

Vendor	All FY Spend	# of Contracts	# of Agencies
<b>FYI Properties</b>	\$ 523,567,100	1	1
<b>Deloitte Consulting, LLP</b>	\$ 394,240,689	13	7
<b>Dell</b>	\$ 353,210,263	93	61
<b>Bridge Data Solutions</b>	\$ 306,062,095	7	7
<b>SHI International Corp</b>	\$ 296,588,129	224	72
<b>Workday Inc</b>	\$ 291,822,711	4	4
<b>CNSI</b>	\$ 267,042,583	1	1
<b>Fast Enterprises Llc</b>	\$ 251,090,240	6	4
<b>CDW Government, Inc.</b>	\$ 176,440,135	109	53
<b>Carahsoft Technology Corporation</b>	\$ 151,510,287	87	55

### Top 10 vendors with the most contracts for all fiscal years since 2000

\*Data includes future amounts

Vendor	All FY Spend	# of Contracts
<b>SHI International Corp</b>	\$ 296,588,129	224
<b>CDW Government, Inc.</b>	\$ 176,440,135	109
<b>Dell</b>	\$ 353,210,263	93
<b>Carahsoft Technology Corporation</b>	\$ 151,510,287	87
<b>Microsoft</b>	\$ 106,591,375	76
<b>Verizon Wireless Services LLC.</b>	\$ 97,374,080	71
<b>HP INC.</b>	\$ 25,391,819	64
<b>Hewlett-Packard Enterprise Company</b>	\$ 43,024,030	53
<b>Right Systems</b>	\$ 17,149,085	44



<b>Environmental Systems Research Institute, Inc. (Esri)</b>	\$	7,429,834	40
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Agencies reported the following IT contract spend:

- \$490 million projected for FY25
- \$1 billion in FY24
- \$1 billion in FY23
- \$1 billion in FY22
- \$677 million in FY21
- \$517 million in FY20

The following tables display the top 10 IT vendors spend reported for FY24.

**Top 10 IT vendors by FY24 spend for statewide contracts and non-statewide contracts reports**

<b>Vendor</b>	<b>FY 24 IT Contract Report Spend</b>	
<b>SHI International Corp</b>	\$	57,724,807
<b>Deloitte Consulting, LLP</b>	\$	48,783,981
<b>Carahsoft Technology Corporation</b>	\$	46,780,174
<b>DELL</b>	\$	44,099,082
<b>Insight Public Sector</b>	\$	42,581,613
<b>CNSI</b>	\$	38,685,904
<b>Workday Inc</b>	\$	30,686,244
<b>Medefis Inc</b>	\$	26,123,824
<b>CGI Technologies and Solutions Inc.</b>	\$	25,413,583
<b>Computrition, Inc.</b>	\$	25,202,002

**Top 10 IT vendors by FY24 spend for statewide contracts only**

<b>Vendor</b>	<b>FY 24 IT Contract Report Spend</b>	
<b>SHI International Corp</b>	\$	56,155,697
<b>Insight Public Sector</b>	\$	42,482,537
<b>DELL</b>	\$	37,053,709
<b>Carahsoft Technology Corporation</b>	\$	34,090,277
<b>CGI Technologies and Solutions Inc.</b>	\$	25,413,583
<b>Motorola Solutions Inc</b>	\$	23,923,333
<b>Axon Enterprise, Inc.</b>	\$	20,114,670
<b>Workday Inc</b>	\$	19,566,138
<b>Verizon Wireless Services LLC.</b>	\$	16,221,274
<b>Cisco Systems, Inc.</b>	\$	13,870,666

## Top 10 IT vendors by FY24 spend for non-statewide contracts

Vendor	FY 24 IT Contract Report Spend	
<b>Deloitte Consulting, LLP</b>	\$	39,042,161
<b>CNSI</b>	\$	38,685,904
<b>Medefis Inc</b>	\$	26,123,824
<b>Computrition, Inc.</b>	\$	25,202,002
<b>FYI Properties</b>	\$	21,813,675
<b>Accenture</b>	\$	21,619,037
<b>Fast Enterprises LLC</b>	\$	15,686,878
<b>Integrated Solutions Group, LLC</b>	\$	15,554,494
<b>Carahsoft Technology Corporation</b>	\$	12,689,896
<b>Workday Inc</b>	\$	11,120,106

### FY24 analysis challenges

With the final phase 2 fiscal year closing in early September and the vendor-reported statewide contract sales due July 31, agencies must prioritize the IT contracts report over other work to meet the Sept. 1 deadline.

### Long-term and no-end-date contracts

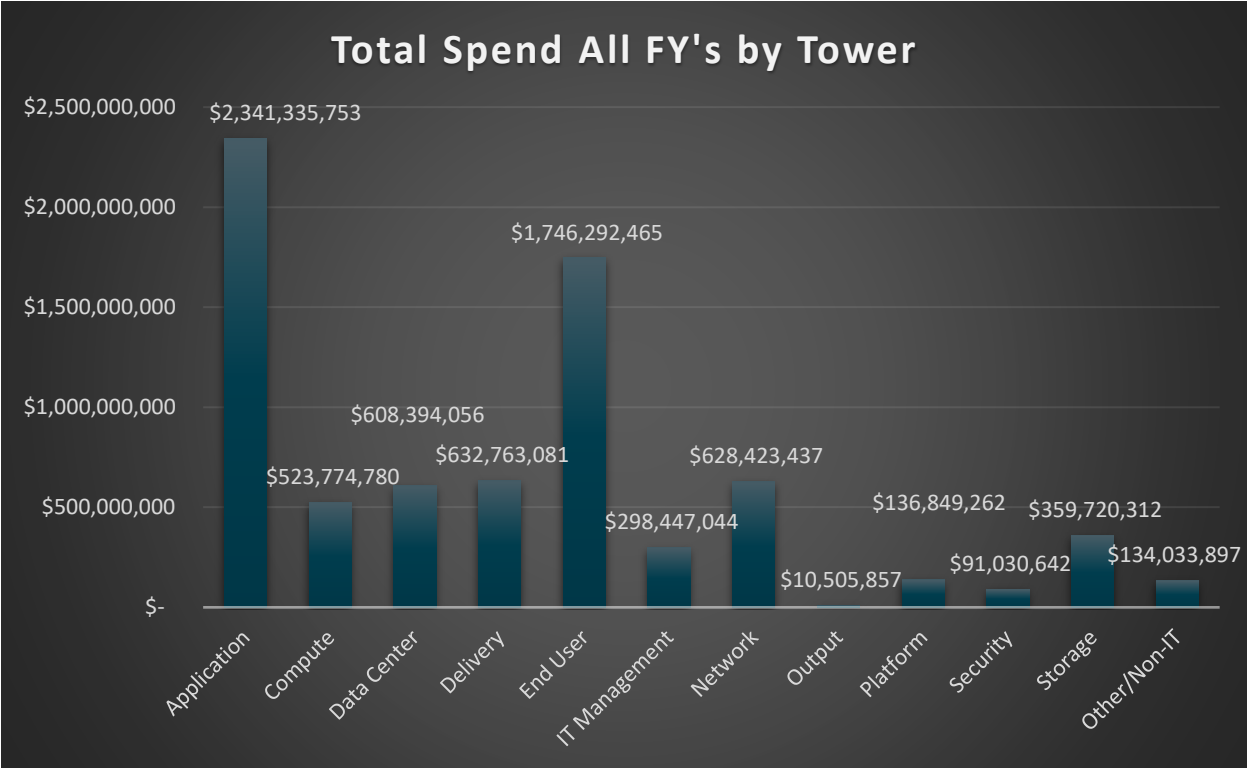
DES statewide contracts for Information Technology Professional Services (contract 08215) ends Feb. 1, 2099. This statewide contract functions more as a program than a typical statewide contract, with the first tier creating a vendor pool. Agencies and higher education institutions must then perform a second-tier solicitation and execute their contracts with vendors accepted as a part of this program. End dates for those contracts are most likely shorter-term agreements, but agencies were instructed to report their agreements under the statewide contract, using the contract start and contract max term dates as start and end dates.

Contracts with no end date are represented by 99/99/9999 in the "contract end date" column. 38 agencies have contracts with no end date, and 267 contract records were reported as having no end date. Most contracts with no end date fall in the "applications" IT tower. The report includes a "contract date explanation" column where agencies were asked to explain why a contract does not have an end date.

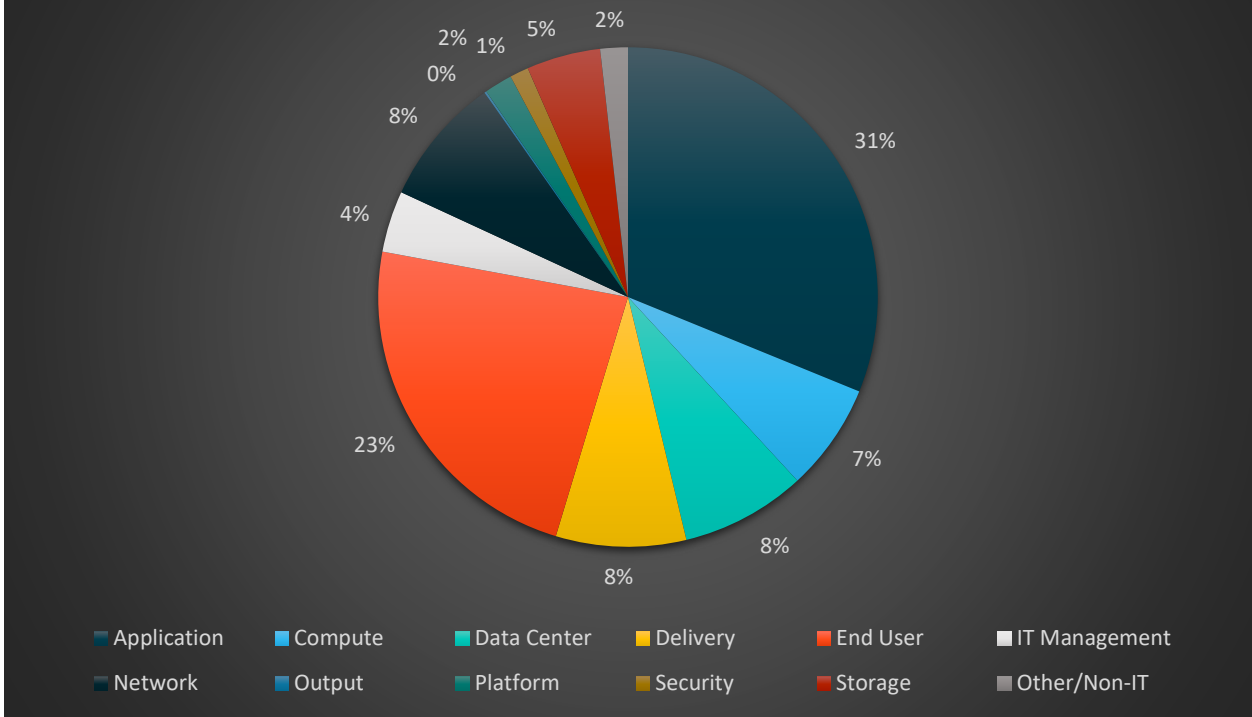
### IT tower analysis and tables

The following tables, graphs and charts examine the contract information reported by IT Tower. The types of services are defined by Technology Business Management IT towers and include application, compute, data center, delivery, end user, IT management, network, output, platform, security, storage, and an option for non-IT/other for agencies to use. Like the previous tables, these charts and tables are missing data for the 11 agencies that did not report in 2024.

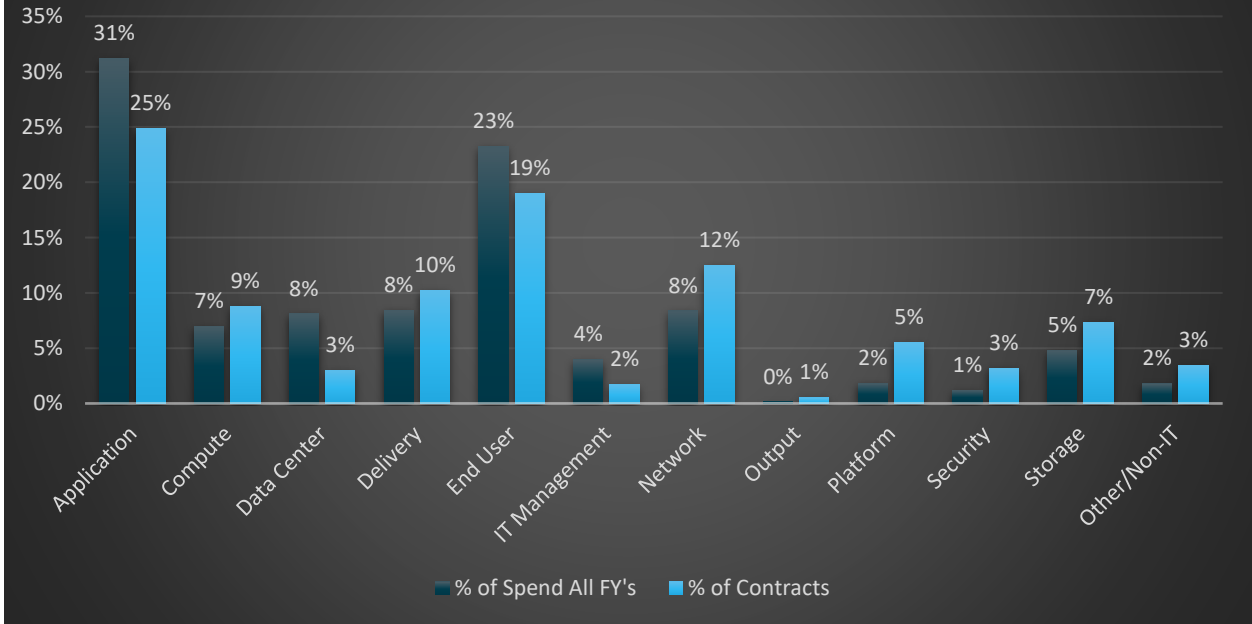
IT Tower	Total Spend All FY's	% of Spend All FY's	Total Contracts	% of Contracts
Application	\$ 2,341,335,753	31%	3,013	25%
Compute	\$ 523,774,780	7%	1,063	9%
Data Center	\$ 608,394,056	8%	362	3%
Delivery	\$ 632,763,081	8%	1,240	10%
End User	\$ 1,746,292,465	23%	2,297	19%
IT Management	\$ 298,447,044	4%	205	2%
Network	\$ 628,423,437	8%	1,512	12%
Output	\$ 10,505,857	0%	65	1%
Platform	\$ 136,849,262	2%	665	5%
Security	\$ 91,030,642	1%	387	3%
Storage	\$ 359,720,312	5%	890	7%
Other/Non-IT	\$ 134,033,897	2%	420	3%
	<b>\$7,511,570,587</b>	<b>100%</b>	<b>12,119</b>	<b>100%</b>



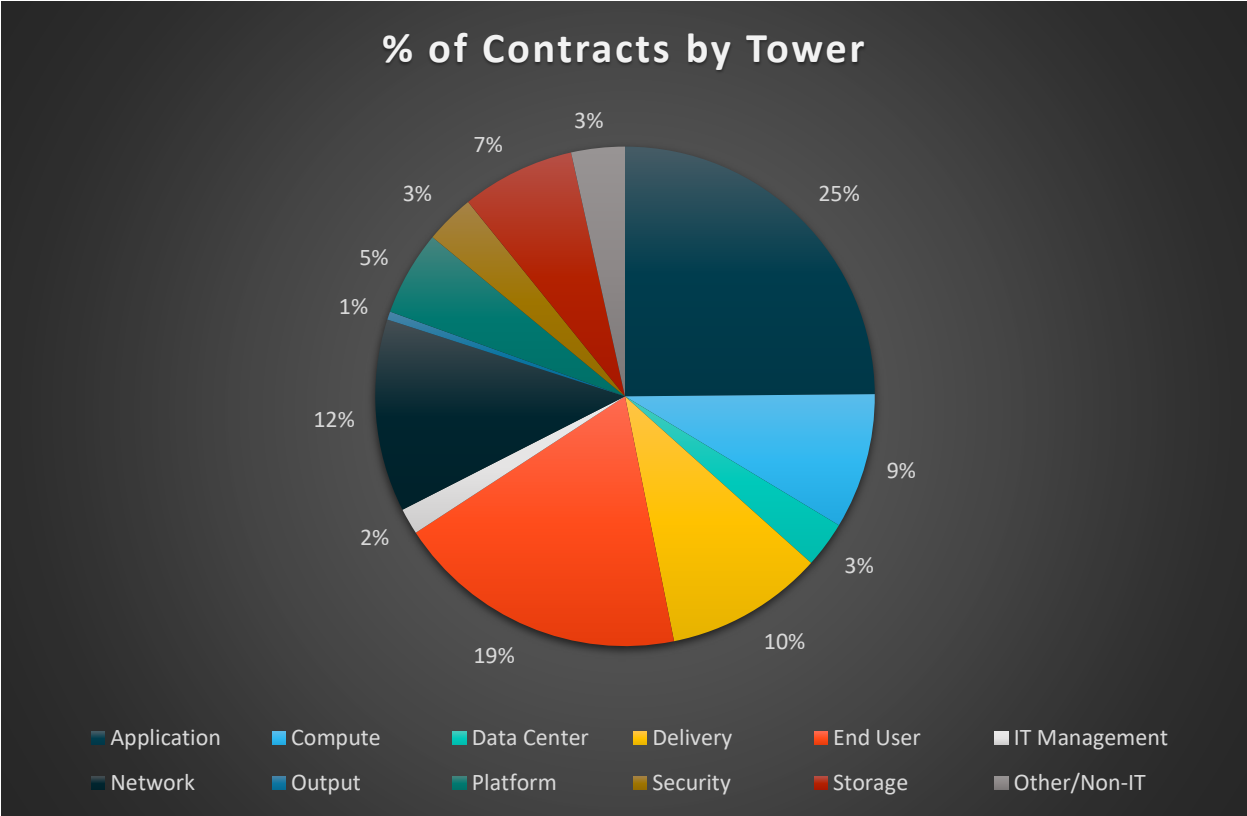
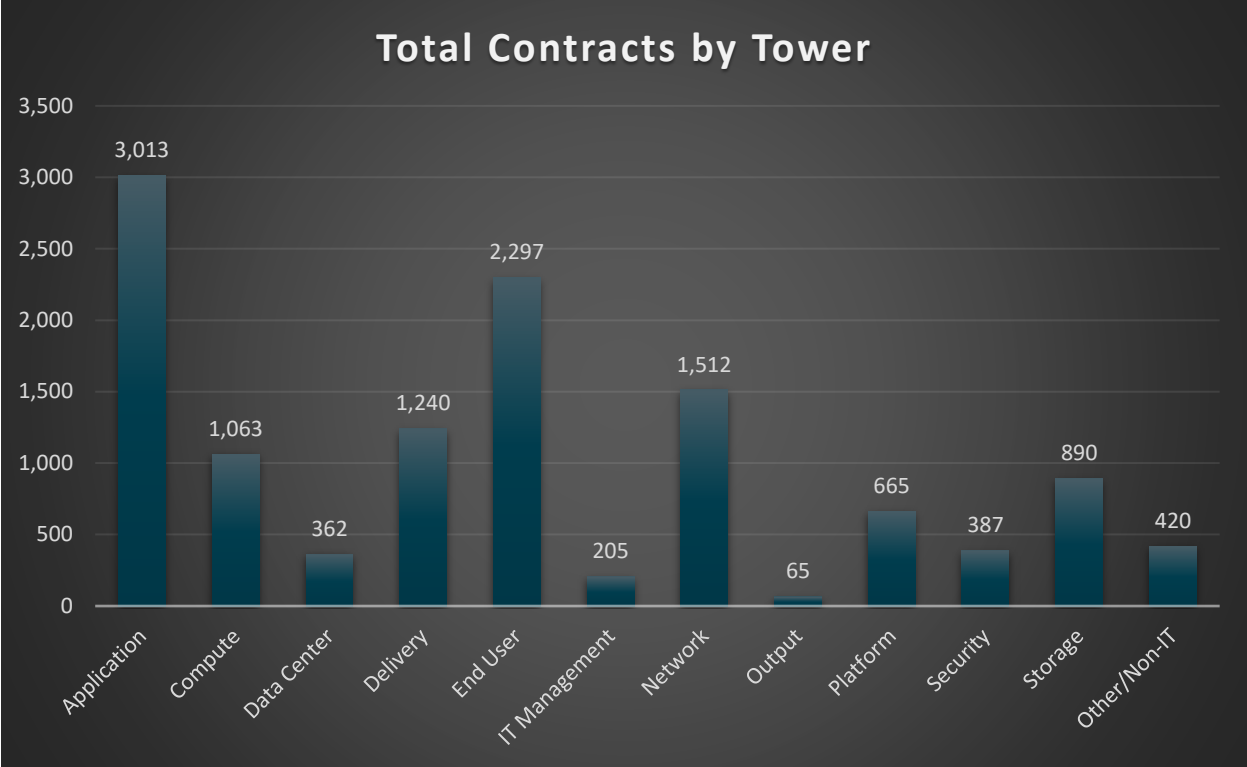
## % of Spend All FY's by Tower



## IT Tower Total Spend compared to the number of Contracts by Tower



Note: Output shows 0% due to rounding.



More tables regarding spend are in Appendix A, the Excel workbook accompanying this report. Tables include:

- Fiscal year totals by tower
- Fiscal year totals by tower and agency
- Number of contracts by IT tower
- Number of contracts by IT tower and agency
- Vendors by tower by spend
- Vendors by tower by contracts
- AFRS fiscal year 2023 and 2024 comparison
- AFRS fiscal year 2023
- AFRS fiscal year 2024

The report template has a field for agencies and institutions of higher education to indicate if a contract is a statewide contract. The tables below compare the vendor spend reported by agencies and institutions of higher education to what was reported by statewide contract vendors.

## DES IT statewide contracts portfolio summary

The table below shows the difference between what vendors reported and what agencies submitted on their FY24 IT contracts report.

Report	FY24 Spend	
Vendor reported IT statewide contracts spend	\$	460,945,672
Agency reported IT statewide contracts spend	\$	463,253,259
<b>Difference</b>	<b>\$</b>	<b>(2,307,587)</b>

DES has a portfolio of 43 IT statewide contracts with 1,107 IT vendors. The vendors have increased since last year largely because of the two new ITPS contracts, each with 114 awards. The total FY24 IT statewide contracts spend by all state agencies, institutions of higher education, political subdivisions and qualified nonprofit organizations was approximately \$1 billion, an increase of approximately \$132 million from the prior fiscal year. State agencies and higher education institutions are responsible for approximately 55% of this annual fiscal contract spend. The tables below have been included to give a total picture of all DES customer spend and tables breaking down the information into the categories of "state agencies and higher education" and "political subdivisions and qualified nonprofits."

## FY24 top 10 statewide contracts by spend

### All customer summary

Contract Title	Number of Vendors	FY24 Statewide Contract Spend
Cloud Solutions	21	\$ 169,342,913
Computer Equipment	15	\$ 124,476,476
NASPO ValuePoint Wireless Data, Voice, and Accessories	5	\$ 113,075,312
Software Value Added Reseller (SVAR) 2022	5	\$ 101,782,052
Data Communications (NASPO)	6	\$ 56,134,895
Computer Equipment, related Peripherals & Services (NVP)	10	\$ 49,198,081
Information Technology Professional Services	100	\$ 44,405,449
Copiers and Managed Print Services	7	\$ 40,890,860
Public Safety Communications Products, Services & Solutions	19	\$ 37,667,499
NASPO ValuePoint Software Resellers	3	\$ 15,947,968

### State agency and higher education summary

Contract Title	Number of Vendors	FY24 Statewide Contract Spend
Cloud Solutions	20	\$ 133,756,635
Software Value Added Reseller (SVAR) 2022	5	\$ 70,781,802
Information Technology Professional Services	87	\$ 41,161,926
Computer Equipment	13	\$ 37,684,449
NASPO ValuePoint Wireless Data, Voice, and Accessories	5	\$ 30,579,389
Data Communications (NASPO)	6	\$ 26,651,253
Public Safety Communications Products, Services & Solutions	12	\$ 26,225,436
Computer Equipment, related Peripherals & Services (NVP)	9	\$ 23,042,594
Copiers and Managed Print Services	7	\$ 14,258,737
NASPO Public Safety Video Systems	2	\$ 9,672,941

**Political subdivisions and qualified nonprofits summary**

<b>Contract Title</b>	<b>Number of Vendors</b>	<b>FY24 Statewide Contract Spend</b>
<b>Computer Equipment</b>	14	\$ 86,792,027
<b>NASPO ValuePoint Wireless Data, Voice, and Accessories</b>	5	\$ 82,495,923
<b>Cloud Solutions</b>	15	\$ 35,586,278
<b>Software Value Added Reseller (SVAR) 2022</b>	4	\$ 31,000,250
<b>Data Communications (NASPO)</b>	6	\$ 29,483,642
<b>Copiers and Managed Print Services</b>	7	\$ 26,632,123
<b>Computer Equipment, related Peripherals &amp; Services (NVP)</b>	9	\$ 26,155,487
<b>NASPO ValuePoint Software Resellers</b>	3	\$ 11,678,742
<b>Public Safety Communications Products, Services &amp; Solutions</b>	19	\$ 11,442,063
<b>Illumination, Traffic Signal &amp; Intelligent Transportation Systems Equipment</b>	14	\$ 7,055,037

Notes:

- The above tables were compiled using the FY24 vendor-reported sales for DES IT statewide contracts.
- [NASPO ValuePoint](#) contracts are nationwide contracts Washington state participates in through a statutorily authorized cooperative agreement.



## FY24 top 10 customers by IT statewide contracts spend

### All customers summary

Customer Name	FY24 Statewide Contract Spend
Washington Technology Solutions	\$ 55,237,045
Department of Social and Health Services	\$ 54,970,258
Department of Transportation	\$ 49,869,988
Washington State Patrol	\$ 44,075,115
Department of Enterprise Services	\$ 32,944,645
Department of Employment Security	\$ 21,796,969
Department of Corrections	\$ 19,887,915
Department of Health	\$ 17,498,033
City of Seattle	\$ 14,797,484
Department of Children, Youth, and Families	\$ 14,472,756

### State agency and higher education summary

Customer Name	FY24 Statewide Contract Spend
Washington Technology Solutions	\$ 55,237,045
Department of Social and Health Services	\$ 54,970,258
Department of Transportation	\$ 49,869,988
Washington State Patrol	\$ 44,075,115
Department of Enterprise Services	\$ 32,944,645
Department of Employment Security	\$ 21,796,969
Department of Corrections	\$ 19,887,915
Department of Health	\$ 17,498,033
Department of Children, Youth, and Families	\$ 14,472,756
University of Washington	\$ 11,474,960

### Political subdivisions and qualified nonprofits summary

Customer Name	FY24 Statewide Contract Spend
City of Seattle	\$ 14,797,484
King County	\$ 13,289,947
Seattle School District 1	\$ 12,924,894
Lake Washington School District 141	\$ 9,438,724
Sound Transit-Seattle	\$ 8,525,747
Clark County	\$ 8,144,125
City of Seatac	\$ 8,023,468
City of Tacoma	\$ 7,662,114
Port of Seattle	\$ 6,718,902
Pierce County	\$ 6,505,306

## FY24 top 10 IT vendors by statewide contract spend

### All customer summary

Customer Name	FY24 Statewide Contract Spend
<b>SHI International Corp</b>	\$ 106,132,198
<b>Verizon Wireless</b>	\$ 86,627,373
<b>Dell</b>	\$ 65,567,808
<b>Insight Public Sector, Inc.</b>	\$ 58,984,867
<b>Carahsoft Technology Corporation</b>	\$ 43,918,341
<b>Hp Inc.</b>	\$ 40,493,036
<b>Cisco Systems, Inc.</b>	\$ 40,308,190
<b>Dell Marketing L.P.</b>	\$ 39,494,397
<b>Motorola Solutions Inc</b>	\$ 31,509,371
<b>CDW Government Ll c</b>	\$ 19,990,970

### State agency and higher education summary

Vendor Name	FY24 Statewide Contract Spend
<b>SHI International Corp</b>	\$ 82,276,664
<b>Insight Public Sector, Inc.</b>	\$ 43,808,903
<b>Carahsoft Technology Corporation</b>	\$ 26,662,303
<b>Dell</b>	\$ 25,526,061
<b>Motorola Solutions Inc</b>	\$ 24,680,874
<b>Verizon Wireless</b>	\$ 24,324,997
<b>Cisco Systems, Inc.</b>	\$ 20,472,682
<b>Dell Marketing L.P.</b>	\$ 18,849,114
<b>CGI Technologies and Solutions Inc.</b>	\$ 11,018,335
<b>Axon Enterprise Inc.</b>	\$ 9,684,013

### Political subdivisions and qualified nonprofits summary

Vendor Name	FY24 Statewide Contract Spend
<b>Verizon Wireless</b>	\$ 62,302,376
<b>Dell</b>	\$ 40,041,747
<b>HP Inc</b>	\$ 31,748,816
<b>SHI International Corp</b>	\$ 23,855,534
<b>Dell Marketing L.P.</b>	\$ 20,645,283
<b>Cisco Systems, Inc.</b>	\$ 19,835,508
<b>Carahsoft Technology Corporation</b>	\$ 17,256,038
<b>Insight Public Sector, Inc.</b>	\$ 15,175,964
<b>CDW Government Ll c</b>	\$ 14,448,225
<b>Canon U.S.A. Inc</b>	\$ 14,234,331

### IT statewide contract/non-IT statewide contract comparison

The following tables compare IT statewide contract sales to the non-IT statewide contract sales for FY22 through FY24. Of the total sales in FY24, IT statewide contract sales average about 47% for all customers, 51% for state agencies and higher education, and 49% for political subdivisions and qualified nonprofits.

#### All customer summary

<b>Contract Type</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
IT Statewide Contract	\$782,693,090	\$867,870,423	\$841,712,831
Non IT Statewide Contract	\$621,721,254	\$997,385,663	\$999,497,811
<b>Total</b>	<b>\$1,404,414,344</b>	<b>\$1,865,256,086</b>	<b>\$1,841,210,642</b>

#### State agency and higher education summary

<b>Contract Type</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
IT Statewide Contract	\$336,004,314	\$456,340,639	\$460,945,672
Non-IT Statewide Contract	\$275,565,031	\$448,926,549	\$433,505,501
<b>Total</b>	<b>\$611,569,345</b>	<b>\$905,267,188</b>	<b>\$894,451,173</b>

#### Political subdivisions and qualified nonprofits summary

<b>Contract Type</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
IT Statewide Contract	\$446,688,776	\$411,529,784	\$380,767,159
Non IT Statewide Contract	\$346,156,223	\$548,459,114	\$565,992,310
<b>Total</b>	<b>\$792,844,999</b>	<b>\$959,988,898</b>	<b>\$946,759,469</b>

# Information technology investments captured in the Technology Business Management (TBM) Program

## TBM terms and data in TBM Program software (Apptio):

Industry terms from the TBM Council taxonomy are used to report statewide technology investments. These standard reporting terms, known as 'cost pools' and 'IT technology towers with sub-towers' are displayed in the figures below.

Cost Pools	IT Technology Towers
<ul style="list-style-type: none"> <li>•External Labor</li> <li>•Facilities &amp; Power</li> <li>•Hardware</li> <li>•Internal Labor</li> <li>•Internal Services</li> <li>•Other</li> <li>•Outside Services</li> <li>•Software</li> <li>•Telecom</li> </ul>	<ul style="list-style-type: none"> <li>•Application</li> <li>•Compute</li> <li>•Data Center</li> <li>•Delivery</li> <li>•End User</li> <li>•IT Management</li> <li>•Network</li> <li>•Output</li> <li>•Platform</li> <li>•Security &amp; Compliance</li> <li>•Storage</li> </ul>

Towers and Sub Towers			
<p><b>Application</b></p> <ul style="list-style-type: none"> <li>• Application Development</li> <li>• Application Support &amp; Operations</li> <li>• Business Software</li> </ul>	<p><b>Delivery</b></p> <ul style="list-style-type: none"> <li>• IT Service Management</li> <li>• Operations Center</li> <li>• Project Management</li> <li>• Client Management</li> </ul>	<p><b>IT Management</b></p> <ul style="list-style-type: none"> <li>• IT Management &amp; Strategic Planning</li> <li>• Enterprise Architecture</li> <li>• IT Finance</li> <li>• IT Vendor Management</li> </ul>	<p><b>Platform</b></p> <ul style="list-style-type: none"> <li>• Database</li> <li>• Middleware</li> <li>• Mainframe Database</li> <li>• Mainframe Middleware</li> <li>• Container Orchestration</li> <li>• Big Data</li> </ul>
<p><b>Compute</b></p> <ul style="list-style-type: none"> <li>• Converged Infrastructure</li> <li>• High Performance Computing</li> <li>• Mainframe</li> <li>• Midrange</li> <li>• Servers</li> <li>• Unix</li> </ul>	<p><b>End User</b></p> <ul style="list-style-type: none"> <li>• Workspace</li> <li>• Mobile Devices</li> <li>• End User Software</li> <li>• Network Printers</li> <li>• Conferencing &amp; AV</li> <li>• IT Help Desk</li> <li>• Deskside Support</li> </ul>	<p><b>Network</b></p> <ul style="list-style-type: none"> <li>• LAN/WAN</li> <li>• Voice</li> <li>• Transport</li> </ul>	<p><b>Security</b></p> <ul style="list-style-type: none"> <li>• Security</li> <li>• Compliance</li> <li>• Disaster Recovery</li> </ul>
<p><b>Data Center</b></p> <ul style="list-style-type: none"> <li>• Enterprise Data Center</li> <li>• Other Facilities</li> </ul>		<p><b>Output</b></p> <ul style="list-style-type: none"> <li>• Central Print</li> </ul>	<p><b>Storage</b></p> <ul style="list-style-type: none"> <li>• Online Storage</li> <li>• Offline Storage</li> <li>• Mainframe Online Storage</li> <li>• Mainframe Offline Storage</li> </ul>

A weekly data feed from the state enterprise AFRS into the TBM program software from Apptio provides information on state agencies technology expenditures.

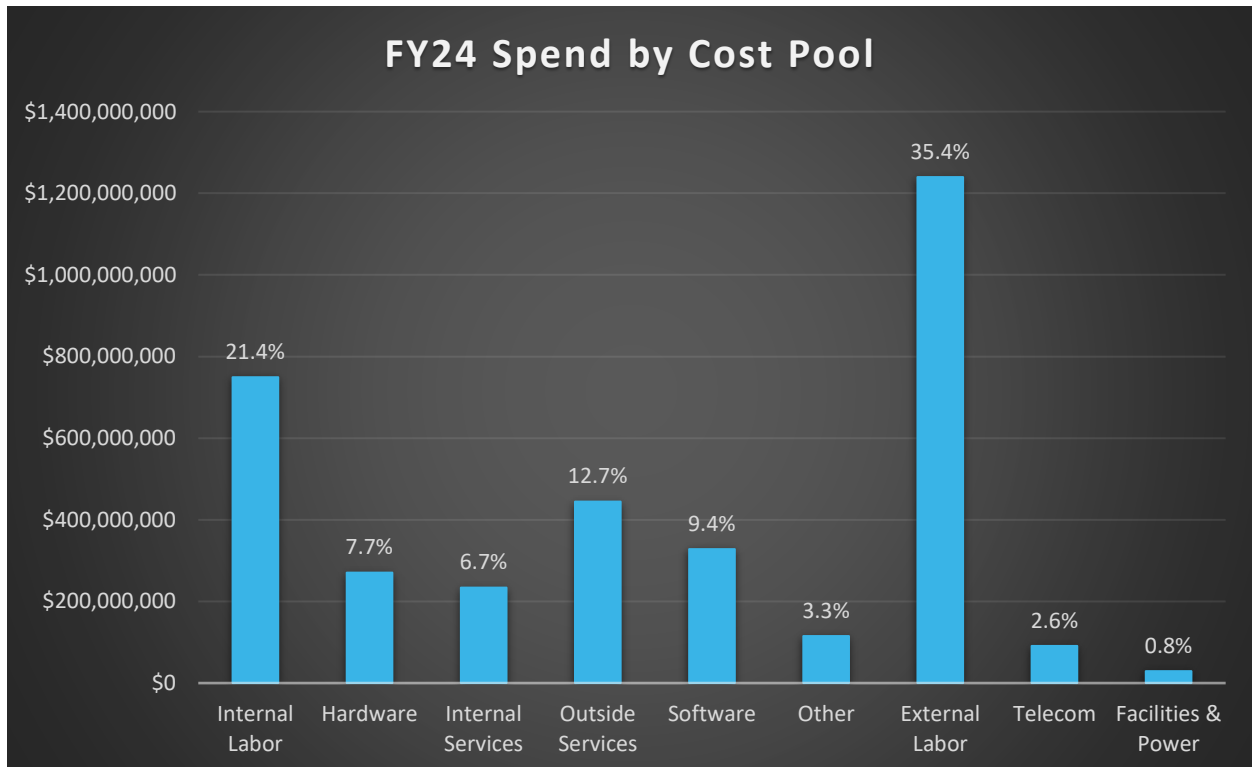
Using the AFRS data in Apptio, WaTech can report FY24 IT expenditures by cost pools for 106 agencies and the IT Technology Tower expenditures for the 59 agencies in the TBM Program in FY24.

### IT expenditures by cost pool

Cost pool categories are aligned with the state general ledger accounts using the sub-object field in AFRS.

There were 106 agencies with reported technology investments in FY24, and the following chart includes a breakdown by cost pool. Except for internal labor, the remaining cost pools are associated with payments to vendors, contractors and service providers.

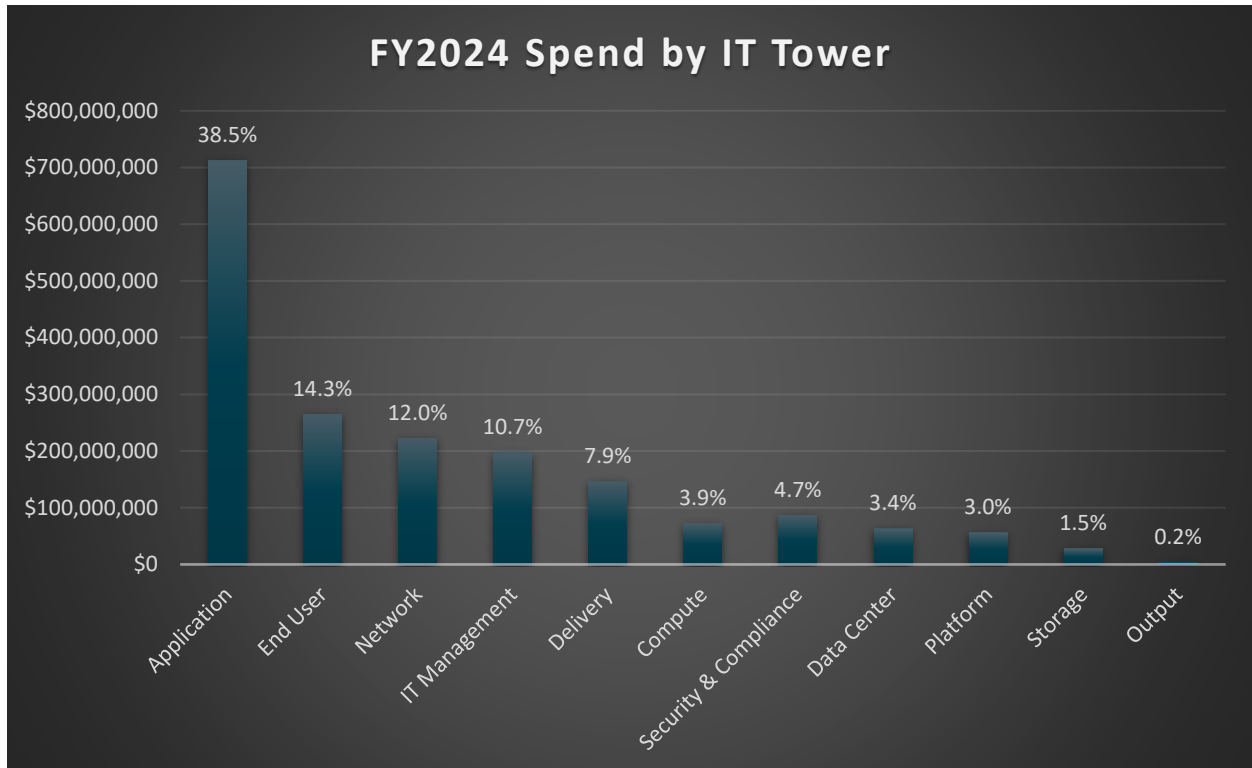
In FY24, University of Washington (UW) expenditures increased by 1 billion dollars in External Labor. We have reached out to UW and they are investigating the increase. This has drastically shifted overall state spend by Cost Pool, since it represents nearly a third of the state's total \$3.5 billion IT spend in FY24. We are working to gather more details to include in this report, however due to time constraints the findings may be reflected in the FY25 report.



Note: Internal services are expenditures to central service agencies.

## IT expenditures by IT technology towers

The 59 agencies in the state TBM Program must map their IT expenditures from cost pools to the IT technology towers. The chart below shows the investment breakdown of 59 agencies by IT technology towers, including internal labor and internal services.



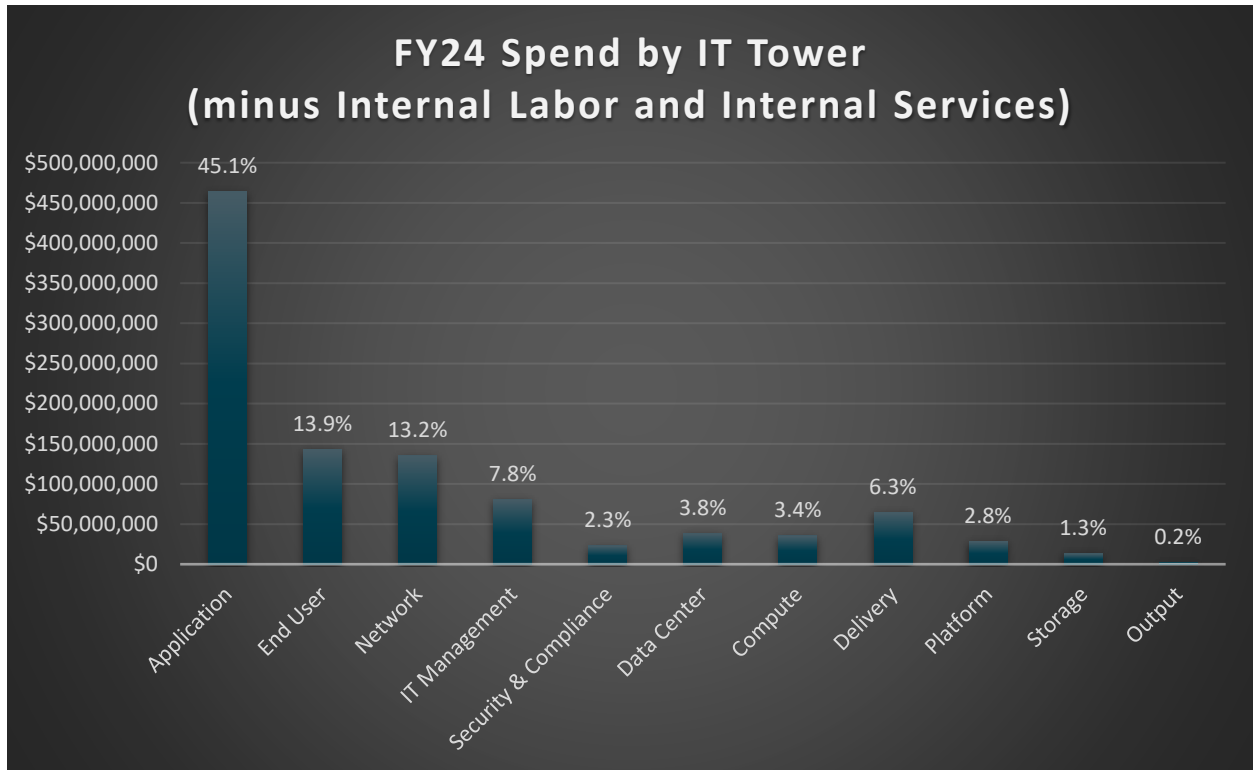
For comparison, the chart below includes the breakdown of IT technology tower investments for the agencies in the TBM program with the internal labor removed.

## IT expenditures by IT technology tower minus internal labor

The 59 agencies mapped their internal labor and internal services to the IT technology tower investment. With the internal labor and internal services removed, what remains are the direct expenditures the agencies made for hardware, software, outside services, external labor, facilities and power. These percentages should align with the contract information the agencies reported in their annual report to DES.

It should be noted that as agencies migrate to cloud services, the WaTech TBM Program is working collaboratively with OFM to educate and train agency accounting staff on the correct coding of infrastructure as a service (IaaS). The TBM program has identified many agencies that purchase IaaS services through the same third party provider that provides Software as a Service (SaaS) applications. As a result of agencies existing financial business processes, many cloud expenditures are being entered into AFRS as SaaS. Agency accounting staff must be trained to

work collaboratively with their IT departments to identify which portions of third party provider invoices for cloud services are SaaS vs. IaaS.



As part of the state’s continued emphasis on legacy system modernization, agencies continue to evaluate aging legacy applications to ensure business needs are being met. Many legacy system modernization plans appear to be closely tied to the adoption of and migration to modern cloud-based architecture and data platform needs. As detailed in [WaTech’s 2022-2023 IT Biennial Report \(page 21\)](#), the state is beginning to see a decrease in investment of Custom/In House Built applications, and a nearly identical increase in investment in COTS solutions. While both of these investments are captured within the Application tower, we anticipate decreases in Internal Labor cost pool, and increases in Software, External Labor & Outside services over time.

## Recommendations

### Statewide contract utilization and opportunities

The data submitted by agencies shows that eight of the top 10 vendors are on a statewide contract, which is an increase of one more vendor than last year’s report. Agencies spent a total of \$1 billion with the eight vendors on statewide contacts, compared to \$1.5 billion they reported spending last year.

The following items are focus areas and opportunities DES is working to address in coordination with WaTech and other agencies to achieve maximum value for the state in IT procurement:

## **Software brokering**

DES provides IT software brokering services for Statistical Analysis System (SAS) software. By pooling all the orders, this bulk purchasing offered substantial cost savings to state agencies. It was estimated that by conducting bulk purchasing, the state agencies saw over 40% savings on a per-license basis.

DES is working with WaTech to expand this brokering program and leverage economies of scale discounts across other software products. This program seeks to establish new enterprise agreements with other key software providers that Washington state agencies utilize most. By pooling the orders and negotiating as a collective for these products, DES hopes agencies of all sizes can leverage favorable discounts when purchasing software licenses. This program might require DES to invest additional resources and take on some financial risks. Still, early estimates reveal that by utilizing this program and not individually negotiating, agencies could realize between 20% to 40% savings per license for certain products.

## **Education**

Based on the findings from the previous IT contract reporting, DES discovered that some agencies established their own IT agreements instead of utilizing available statewide contracts. When agencies negotiate their own standalone agreements outside statewide contracts, it usually hurts the state's overall negotiation position to achieve volume discounts and better terms for all agencies. DES has been conducting listening sessions with state agency customers to identify their IT contract needs better and understand any roadblocks that prevent them from utilizing statewide contracts. In response to the information received, DES has been expanding its outreach and communications efforts in this area.

## **IT Professional Services (ITPS)**

DES has been working to restructure the complex IT Professional Services (ITPS) statewide program to create a more consistent and efficient way for Washington public entities to buy IT services. The innovative methods addressed significant historic customer and vendor challenges while increasing opportunities for small, diverse and veteran-owned businesses. DES used inclusion techniques, resulting in over 40% of awards to certified Washington small and veteran-owned businesses and over 10% for OMWBE-certified businesses.

DES has awarded two new ITPS statewide contracts for project management and IT development services. Two additional ITPS contracts—IT security and IT consulting—are in development. DES is engaging with WaTech and state agencies to ensure this new program meets state IT policies and requirements and maximizes the value of the acquired IT services.

This new program will offer agencies substantial cost and resource savings by providing a comprehensive suite of IT services and a large selection of technically evaluated and awarded IT contractors. This ITPS restructure eliminated the need for state purchasers to conduct a two-tier



solicitation, which required a substantial amount of staff time and often delayed purchasers in implementing important IT projects. DES will continue collaborating with WaTech and other state agencies to explore other future IT services categories that can be added to this new program.

### **IT statewide contracts**

Based on the input from the state agencies and information obtained through contract reporting, DES is currently working on the following key IT procurements for the state.

#### **Broadband internet service provider**

DES is in the research and development stage of a new broadband internet service provider contract. This should simplify access to internet service providers for public purchasers across the state and leverage the state's negotiating power regarding pricing, contract terms and improved access in rural communities.

#### **Cloud solutions**

DES is leveraging a national cooperative agreement through NASPO ValuePoint to access cloud solutions providers. The state agencies have raised issues regarding this contract's structure, terms and value. DES is participating on the sourcing team for this cooperative agreement and is trying to advocate for critical and necessary improvements when this contract is rebid next year. If necessary modifications are not adopted, DES will move with developing a Washington state contract.

#### **Radio Frequency Identification (RFID)**

DES is in the last stages of conducting a procurement to establish a new RFID statewide contract. This contract will aid state customers in asset and inventory tracking, reducing the costs of manual tracking, creating more self-service options and increasing asset retention.

#### **Reporting template recommendation**

DES continuously works to improve the integrity of the data by implementing upgrades to the IT contract reporting template based on agency feedback and through the review of submitted reports. DES will continue to make changes to the template to improve accuracy and the review time.

DES provides spend information that the vendors report to help agencies report how much the agency spent on each IT statewide contract. This year, agencies were encouraged to reference their confirmed spend data on previous fiscal year reports as a resource for reporting the same applicable data for the current reporting period. DES will perform ad-hoc audits when an agency notices discrepancies in their data and what vendors have reported to DES.

DES has provided IT contract report training each year the report has been required. This year, we used a blended learning approach, providing a recorded overview and holding two separate Q&A sessions, one for beginners and one for those more experienced with preparing the IT contract report. This allowed a deeper dive into IT contract reporting questions specific to each agency's experience with the report.

## References

Visit the [DES IT Contracts Reporting webpage](#) for directions, resources supplied to agencies, points of contact, and pertinent information regarding the reporting requirement(s).

# Appendices

## Appendix A

