

## EXECUTIVE SUMMARY

Over the past three years, the Connecticut Department of Administrative Services has established a program called E-Partners. Helping agencies, towns, and schools save money is the cornerstone of the **E-Partners** program as it reaches out to its customers to offering a wide array of services at little or no cost to them:

- Federal and State Surplus Property Distribution Program saves taxpayers millions of dollars each year, returning quality used merchandise to towns and schools free or for a nominal cost. Items are posted to a "virtual warehouse" using a web-based system where users can log on and list or claim property. Taxpayers are also reaping the benefit of this program at the increasingly popular used vehicle auctions, which last year alone generated nearly \$1.5 million to the state's general fund
- Federal Foods Distribution Program put 46 million quality, nutritious, USDA meals on the tables of Connecticut school cafeterias and charitable organizations last year
- Master Insurance Program eases economic hardships for low-income, disabled, and elderly residents in Connecticut. DAS offers lower rates for liability, workers' compensation, property, and automobile comprehensive coverage; a savings that local housing authorities are able to pass along to their tenants. The ninety-five participating local housing authorities have saved their residents a combined total of \$4 million last year alone
- Americans with Disabilities Act (ADA) Training conducted by DAS has established the agency as an emerging authority on a multitude of ADA related issues. DAS has developed a successful low-cost training curriculum, working with Connecticut's agencies and municipalities to help them gain understanding and knowledge of the legal ramifications and requirements of the Act
- Business CONNections, which implements the state's Set aside mandate, is making it easier to apply and use than ever before. Last year, DAS helped thousands of small businesses gain greater exposure among public and private buyers while increasing their opportunities for new contracts. The total number of certified small businesses has risen from 1,240 to 1,982, and contract dollars awarded to small businesses have risen by 30 percent
- The Procurement Services component is at the heart of the E-Partners program, marketing and extending the purchasing power of the state to municipalities and schools in new and collaborative ways. **E-Partners** delivers far more value than the traditional "piggybacking" off state contracts by towns and schools. The program employs a strategic view of state/municipal relationships and aligns all the skill, capability, and leverage of DAS services to deliver top value to customers.

These are services DAS has provided to State of Connecticut agencies for many years. The concept of sharing those resources with the municipalities is more recent.

We have been adding components to E-Partners over the past three years, and each new component we add provides more service to more government entities. The unique aspect of this program is the "bundling" of service that provides one-stop-shopping for government and non-profit agencies. E-Partners is a place where they can obtain goods and services at prices well below those in the open market because we have been able to leverage volume discounts from our vendors.

The services are so varied, that we have focused primarily on the E-Commerce component in this application. There are currently 500 users in 166 state agencies, municipalities and school systems participating in the OrderLink program. The system went live in October 1999. We have 64 contracts loaded into the system representing 180,000 goods and services. In the first six months, more than 1,100 orders totaling \$2 million were placed.

The bid-posting site went live in February 2000. Since then, 51 users have posted over 200 bids. We estimate aggregate savings in excess of \$800,000 in advertising costs alone during the start-up period. Assuming this trend continues, participating municipalities and school systems could collectively save up to \$3.5 million per year.

**State of Connecticut  
Department of Administrative Services (DAS)**

**E-Partners Program**

**a. Description of the program and relative significance to the improvement of the operation and/or efficiency of state government.**

There is a new mindset in Connecticut state government today. It's about helping, partnering, and growing. Connecticut Governor John Rowland asked state agencies with developing creative partnerships that would provide cutting edge resources to government, and ways to offer new and better services to Connecticut taxpayers.

The Department of Administrative Services responded by putting its leading-edge capabilities to work for Connecticut in unprecedented ways, forging unique relationships with municipalities, schools, and small business people. Whether working with a huge state agency, small business, tiny township, or urban center, DAS is harnessing its experience, technology and ingenuity into a new scope of

services that creates new linkages and stronger leverage for Connecticut communities, while saving its taxpayers millions.

We call this new "bundling" of services the E-Partners program - it constitutes the all-important "people" connection to technological solutions. Its goal is very basic: extend DAS' services and expertise to municipalities, schools and non-profit organizations resulting in more effective and efficient use of tax dollars while simultaneously leveraging the combined power of state and local government purchasing.

E-Partners is a program so conceptually simplistic, yet with staggering cost-saving results.

Helping agencies, towns, and schools spend money wisely is the cornerstone of the **E-Partners** program as it proactively reaches out to its customers in a personal way, offering the following:

- Federal and State Surplus Property Distribution Program saves taxpayers millions of dollars each year, returning quality used merchandise to towns and schools free or for a nominal cost. Items are posted to a "virtual warehouse" using a web-based system where users can log on and list or claim property. Taxpayers are also reaping the benefit of this program at the increasingly popular used vehicle auctions, which last year alone generated nearly \$1.5 million to the state's general fund
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**b. Calculation of actual savings in the short term and/or long term;**

**E-Partners** initiatives illustrate the value and cost savings that have been achieved through this program.

- Launched a town and school bid posting and notification service using the DAS web site an Internet facility.

A town approached E-Partners about the possibility of posting its bids on the DAS Procurement web site. Recognizing the potential in this concept, the DAS Webmaster quickly designed and implemented a bid posting service modeled after the one currently used by Procurement Services. Completely operational in just two weeks, this new facility eliminates public advertising for many municipalities and schools, provides more competition for purchases, increases the value of DAS' web site to registered suppliers, and provides opportunities for DAS Procurement to suggest use of existing contracts as they review bids posted by municipalities. It has proven to be a win-win-win for municipalities, suppliers and the state as well. After just three months in operation the Bid Posting site now hosts 51 entities throughout the state, saving an estimated \$800,000 initially in advertising costs alone

- Created a cooperative contract for school supplies involving the state and the six largest school districts in Connecticut. E-Partners worked with the City of Hartford Board of Education to design and put into action a contract with a major supplier of school supplies and large Connecticut cities.

Creating a consortium of school districts permitted the schools to get better pricing through volume purchases. However, the schools could not have formed the purchasing consortium without the sponsorship of DAS; their charters would not allow them to buy off each other's contracts but did make an allowance to purchase from state contracts.

With only two weeks remaining to get a contract in place before the schools initiated their annual purchases, E-Partners went to work. The outcome? A contract that will allow every school district in the state to purchase school supplies at big city discounts. The combined

buying power of these entities resulted in much greater discounts for all participants.

Finally, the state's e-commerce vendor is working with the school supplies vendor to automate the requisitioning and ordering of supplies and improve the productivity to participating agencies.

**Savings are estimated to be in excess of one million dollars annually.**

**c. Quantitative benefits realized by service recipients, taxpayer's agencies and or the state:**

DAS has forged a partnership with Digital Commerce Corporation to install a software product called OrderLink, which is an electronic catalog of merchandise available under competitively bid state contract awards. This approach meets the charter requirements of most municipalities outlined above. The benefits of this approach to procuring merchandise include:

- **Reduced product costs.** In addition to making the ordering process easier for State employees, E-Commerce gives Connecticut's municipalities and school systems access to materials for which the state has already negotiated contracts. This expanded customer base results in lower prices through volume discounts and better service as we establish a stronger market presence. There are currently 500 users from 166 state agencies, municipalities and school systems ordering from 64 contracts that contain 180,000 items
- **Reduced transaction-processing costs.** Private sector studies point to a 30 percent reduction in overall transaction costs
- **Staff time savings.** Under the paper system, the requesting employee must complete a form, get it approved, send it to purchasing for approval, mail the order to the vendor and wait for delivery. The E-Commerce approach allows pre-authorized personnel to shop from an electronic catalog, create and submit the order electronically, and even pay with government credit cards called *purchasing cards*
- **Improved management controls.** Participating government agencies designate personnel who are authorized to use OrderLink. Automated reporting identifies individual buyers and buying patterns. This allows instant audit capability
- **Electronic posting of contracts.** Existing contracts are posted to the DAS Web Site as they are signed by Procurement. This allows customers to search for contracts by commodity code or key words and print the contracts as desired. After just three months in operation

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- **User support.** E-Partners team members are available to guide customers on every facet of OrderLink implementation from process re-engineering to hands-on training at the customers' locales. Ongoing support is provided to customers to assist them with successful implementation of OrderLink
- **Low cost, high impact solution.** Since the vendor community bears the limited costs involved to support the system, the public sector has access for only the cost of Internet connection at the users' sites. In many cases, there will be additional cost since most locations already have Internet access. Should a customer have to add Internet access, the cost is approximately \$20 per month for unlimited access time
- **Customer/DAS/Vendor network.** DAS has established a strategic partnership with customers and vendors to solicit ideas for continuous improvement
- **Hotlinks to related sites.** Vendors have the option of imbedding "hotlinks" to their home sites from the OrderLink site. This makes it easier for users to get more product information or ask questions electronically
- **Standard Internet interface.** OrderLink uses standard Internet interfaces such as Web browsers, eliminating the need for additional hardware or costly user training
- **Integration with existing systems.** Where possible we facilitate software interfaces with existing systems.

Here is an anecdotal example of the impact of the E-Partners program on a local education system:

DAS Procurement was asked to assist the Hartford Board of Education develop a contract with a major computer-based training firm. The contract allowed Hartford Public Schools to implement computer-based training for the standardized State of Connecticut Mastery Tests. The training program supported the students' preparation for the Connecticut Mastery Tests in its 1999 Summer Program. The Hartford School System had been plagued for years with the lowest mastery scores in the state. The E-Partners team worked 12-hour days for three days to negotiate the contract. The contract was developed and approved in three days and also extended to other schools systems in the state. Hartford received its software on time. As a result of the longer the lowest scoring school system in the State of Connecticut!

Statistics on the program to date:

- Three staff located in the DAS Procurement Unit staff the program, marketing it to the municipalities and school boards and acting as

liaisons to the many DAS programs and services offered under the program

- 64 contracts are already loaded in the OrderLink system, with more coming on each day
- 166 State agencies, municipalities and school systems have signed on to participate, 500 Users within these entities -- More signing on each day
- \$2 million purchased through OrderLink. The number grows each day.

#### **d. Relevance of the use by other state, local and federal governments**

The demand for reduced spending at all governmental levels has prompted the Connecticut Department of Administrative Services to seek creative methods to bundle services and cut costs. Every state, county and municipal government in the country faces similar pressures. The E-Partners model represents the best of public-private and public-public partnerships. Vendors have become strategic partners with DAS, bearing the cost of system implementation on the promise of the volume potential created by 50 state agencies, 169 cities, towns and school systems. The use of Internet-based computer systems makes the system accessible to even the smallest towns and school systems with little or no cost to participate.

Municipalities and School systems have enthusiastically welcomed this initiative. The E-Partners team has taken an aggressive marketing approach, giving presentations to Chambers of Commerce, the Connecticut Association of School Business Officials, Connecticut Conference of Municipalities, the Procurement Technical Assistance Program, and many others. Participation in the program is growing rapidly.

Any government entity that is using electronic commerce technology could implement a similar system. Our E-Partners team would be delighted to consult with other government organizations on replicating this system in other jurisdictions.