How did the State of Washington get to where they are concerning Managed Print?

- 2009 State Printer's empire shrinking losing $120,000.00 per month (see State Government Performance Report # 1002726 page 34)
- Printer looking for new sources of revenue Printer decides to offer MPS and charge an administrative fee to generate needed revenue (also mandated agencies do assessments)
- Printer uses Ecology as an example; page 39 from above mentioned report claimed $160,000.00 per year savings in 2006-07 biennium (information request to verify claimed savings—no data available)
- CBM questions if Printer has statutory authority to authorize other agencies to acquire equipment
- Printer puts out bid for equipment using GA's statutes
- Lawsuit field in Thurston County to find out if Printer did have statutory authority to authorize other agencies to acquire equipment GA partnered with Printer
- Case settled by Printer acknowledging he did not have statutory authority to do MPS
- Legislation sponsored to authorize Printer to do MPS
- Legislation sponsored to create DES
- Legislation passed mandating MPS (only State to have such a law)
- Legislation passed to create DES (Printer and GA now one)

How Capital Business Machines got to where they are concerning Managed Print.

- Small Business started in Olympia in 1952 3rd generation family owned
- Started selling copy machines in 1976
- 1990 Sharp got on a State of Washington convenience contract for production copiers, been on a state contract ever since
- Capital Business Machines involved in all contracts with State for copiers/Faxes/MFD's/MPS since 1990
- CBM has from the beginning been involved in making sure business with the state is in the taxpayer's best interest.
- Assisted Sharp in bid responses and attended all meetings with GA/DES
- Don Hartman was the alternate contact for Sharp on multiple contracts for over 15 years until DES requested he be removed
- Early 2000's as MPS began being mentioned within the industry CBM began evolving it's services to match customer's needs
- DOC had been a customer of CBM's for over a decade in 2002
- Fay Foster at DOC saw how MPS could save her agency Money, make them more efficient and productive and reduce the support workload
- Early 2000's DOC makes the decision to standardize on Sharps agency wide

- DOC was required to have an assessment done (Okidata 10/2006) Oki stated that DOC had one of the best MPS programs they had seen
- Printer rejected DOC MPS success story now DES doing the same
- The MPS program at DOC started when contracts 05899 and 07903 were in effect
- Neva Peckham stated at a MPS Training session at the DES annual trade show that DOC was doing MPS
- Every time there is a refresh it cost DOC less
- All this has been done using hardware contracts

What are the benefits of allowing the hardware contract to be used for MPS?

- As was discussed at many of the stakeholders meeting MPS is not a one size fits all proposition there are many ways to successfully implement MPS strategies
- The hardware contract allows Small Business to provide MPS. How?
- All the vendors on both the hardware and the MPS contract state that they partner with Small Business which is true. However there is the problem of recourse. All vendors except Sharp expect their dealers to take recourse or be responsible for the debt on equipment if the state were to change their mind. If small businesses where to do this and get the equipment back early they could be financially damaged.
- Example the Liquor Board order over 160 machines through CBM for all their retail stores 20 months later the citizens voted to privatize the Liquor business and the equipment was returned with 40 months left owing. Sharp did not make Capital responsible for the remaining balance the manufacture stepped up. This approach allows the flexibility of a small business to be partnered with the financial stability of a large manufacture. Other vendors expect the small business to be on the hook for the entire deal in this instance it would have been over a half million dollars.
- The lead state for the WSCA MPS contract New Mexico when asked (it was Gerry Becker at the time) stated only manufactures could participate on the MPS contract.
- In Washington DES recognizes manufactures only MPS services Ecology, Revenue, LNI, Employment Security, and DNR are some examples. However the successful implementation of MPS using the hardware contract lead by a small business is rejected.
- This last summer during fire season CBM received a call from DNR asking for help getting equipment out to multiple locations around the state where the fire crews had set up command centers. When ask why DNR's MPS provider was not providing this service DNR responded that when they ask their provider for help they were told "we do not provide that kind of service". So CBM worked with other small businesses that are Sharp dealers to assist DNR. This is an example of the type of services that are needed but cannot be provided without small Business participation.
- MPS services can be provided using the hardware contract and small business can be allowed to participate; Basic NASPO T's & C's **"Participating Addendum"** means a bilateral agreement executed by a contractor and a Participating State (or a political subdivision with the consent of its state's chief procurement officer) that clarifies the operation of the

master price agreement **for the State concerned, e.g. ordering procedures specific to a** State, and may add other state-specific language or other requirements.

- Neva also mentioned in a stakeholders meeting when asked why in the State of Washington copies were not included on the hardware contract like it was bid on the WSCA Nevada contract she state because it would conflict with the MPS contract 02012. This statement indicates that the hardware contract could be used for both hardware and MPS
- At a stakeholders meeting when explained that MPS services were being provided years before the law mandating MPS was passed DES stated they would check with council to see if there could be any flexibility. Council said no, Small Business thrives on flexibility. With Big Business and Big Government agencies and taxpayers lose flexibility, customers need flexibility and Small Business can provide that flexibility.
- DES had a great relationship with our small business until 2004, and then things began to deteriorate. Up to that point CBM had been included in all forms of communication between DES and the vendor community. Then as CBM began to ask questions that made the state uncomfortable we were gradually froze out. Even to the point where we were told we could not attend certain meetings.
- After RCW 43.19.742 became law DES brokered several MPS contracts, when asked why contracts were bid and awarded before there were any rules and guidelines Neva stated that DES did not have time to establish rules first. Subsequently a lawsuit was filed and afterwards a settlement agreement was signed. The lack of Flexibility caused much time and money to be spent unnecessarily.

Settlement
Agreement 4-21-14 F

- CR2A Agreement signed June 15th 2012; DES demonstrates a tremendous amount of flexibility when they settle for only $4,000,000.00 when the vendor was willing to return $9.5 million of the taxpayer's money.

2012 DES PRA CBM
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CONCLUSION

- The law creating mandatory MPS was poorly written and needs to be fixed
- Because of a lack of flexibility in the rule making small business and specifically our small business CBM is going to be excluded from participating in providing a service that we have been providing prior to the law mandating MPS
- Small Businesses within the State of Washington have a vested interest in what decisions DES makes because we pay for the direction DES choses to go. Small Businesses are owned by citizens of the State of Washington and we have a responsibility to the families who work for us to make sure that if they pay (taxes) they get to play (provide services to the state). When DES's decisions become motivated by self-interest what options are left to small businesses but to fight those decisions?
- It may not be DES's intent to eliminate Small Business Participation in the MPS process but by not allowing the flexibility to use the hardware contract for MPS DES has established a process that punishes small businesses and specifically CBM.