

IT Commodity Purchasing Program Guidelines and Instructions

Version 1.4



Texas Department of Information Resources

Revised June 29, 2006

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I. Introduction to Guidelines and Instructions

In accordance with §2157.068, Texas Government Code, and 1 T.A.C. Chapter 212, each state agency must purchase information technology (IT) commodity items through contracts established by the Department of Information Resources (DIR) unless the agency first obtains an exemption. These guidelines and instructions describe the methodology used to classify items as IT commodities, instructions for purchasing IT commodity items, the exemption process, and the semiannual reporting instructions. These guidelines and instructions will be reviewed and updated annually, or more frequently, as needed.

Definitions for some of the terms used in the context of describing the IT Commodity Purchasing Program are contained in Appendix A.

II. IT Commodity Items

A. IT Commodity Definitions

IT commodity items are defined in legislation as commercially available hardware, software, and technology services that are generally available to businesses or the public.

Hardware is defined as the physical technology used to process, manage, store, transmit, receive, or deliver information. *Software* is defined as the commercially available programs that operate hardware. Software includes all supporting documentation, media on which it may be contained or stored, related materials, modifications, versions, upgrades, enhancements, updates, or replacements.

Technology services are defined as all the services, functions, and activities that facilitate the design, implementation, creation, or use of software or hardware. This includes seat management, staffing augmentation, training, maintenance, and subscription services. This does not include telecommunications services or deliverables-based, outsourced systems integration or application development projects.

B. Classification Methodology

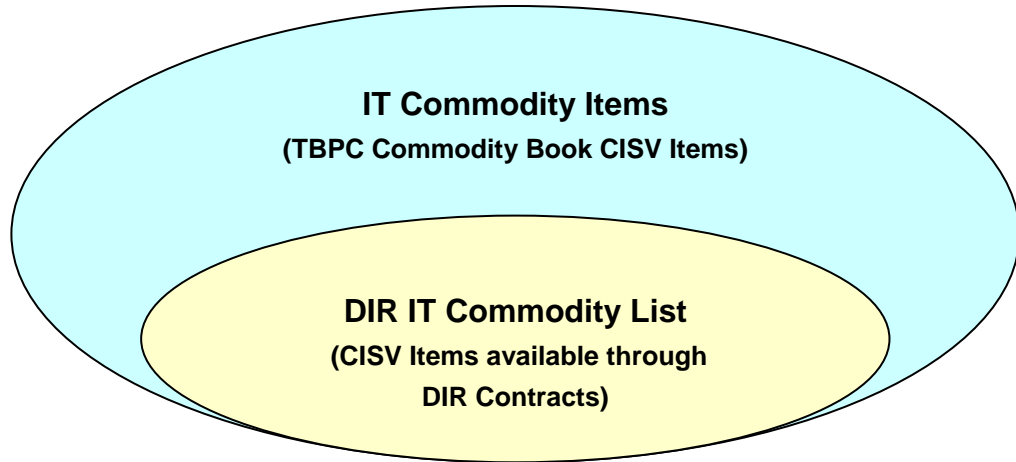
DIR, in cooperation with state agencies, formed the IT Commodity Items Interagency Workgroup (Workgroup). One of the Workgroup's accomplishments is the methodology used in the program to classify IT commodity items. IT commodity items are classified based on the designation of their corresponding class-item code as a Catalog Information System Vendor (CISV) category by the Texas Building and Procurement Commission (TBPC). Using the CISV class-item codes eliminates the need to maintain another classification system and potential confusion among state agency purchasing departments.

As TBPC updates the CISV codes, adopting new or removing obsolete items, the IT commodity item classification will be automatically updated. DIR and the Workgroup will review the classification of IT commodity items on an annual basis and make any adjustment to the methodology as necessary.

C. DIR IT Commodity List

It is important to note that while all CISV items are classified as IT commodity items, the list of IT commodity items actually available through DIR contracts is a subset of all items designated as CISV (see below).

Figure 1 – The DIR IT Commodity List is a subset of the TBPC Commodity Book CISV Items



Effective September 1, 2005, DIR will publish on its Web site a list of the IT commodity items available through DIR contracts. The *DIR IT Commodity List* is a search engine that allows users to find items by their commodity class-item codes, mapping each item to any corresponding DIR contracts.

In coordination with the Workgroup, DIR is enhancing the DIR IT Commodity List by prioritizing additional contracts needed to better serve state agencies. State agency demand and DIR's ability to add value to state agency IT commodity purchases are key to developing the DIR IT Commodity List. State agencies should visit the DIR Web site for new information on the IT Commodity Purchasing Program.

D. Emerging Technologies

DIR will work with state agencies to identify the demand to contract for emerging technologies. As new technologies emerge, DIR will work with TBPC to update the CISV class-item list.

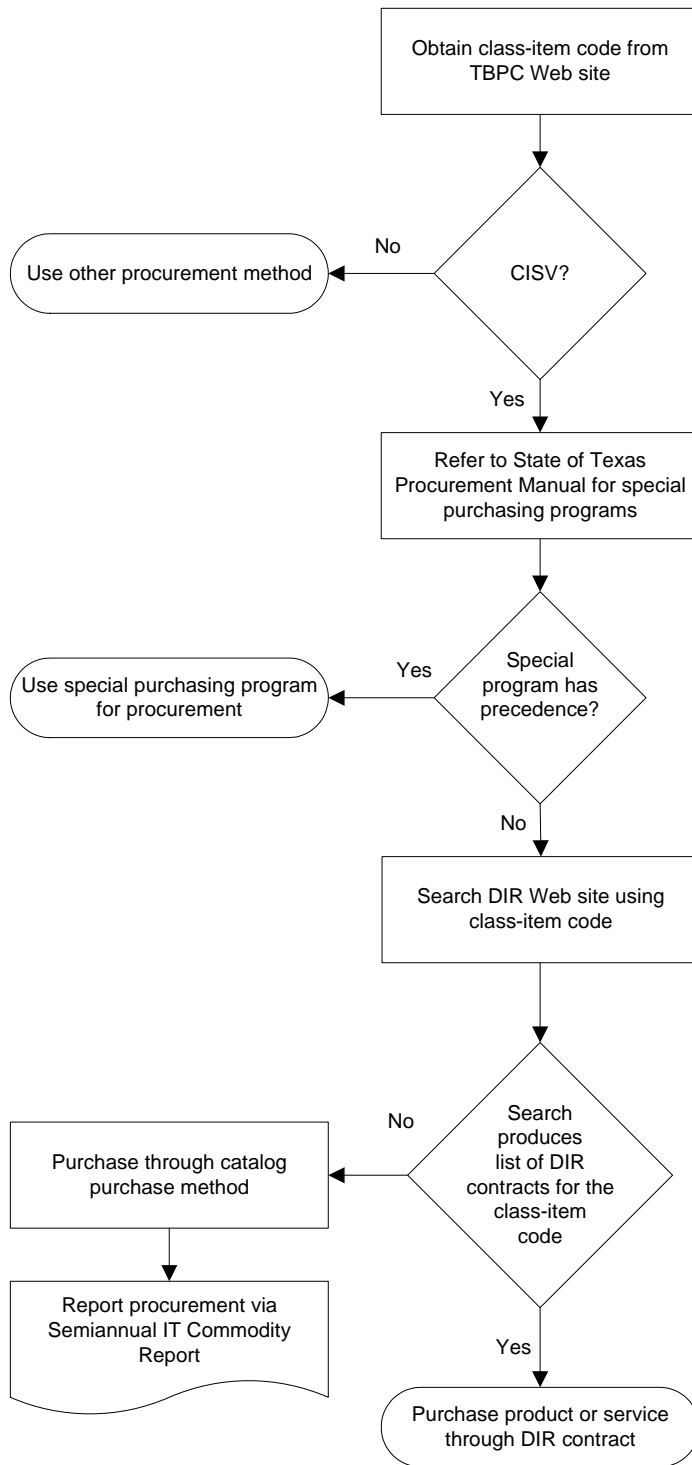
III. IT Commodity Purchasing Instructions

DIR's IT Commodity Purchasing Program is one of several special purchasing programs authorized by Texas statute. It is administered in accordance with TBPC's *State of Texas Procurement Manual*. The instructions contained in these guidelines are to be used by state agencies to purchase IT commodity items *except when other special purchasing programs take precedence*.

It is the responsibility of each state agency to verify whether or not the hardware, software, or technology service to be procured is on the DIR IT Commodity List, indicating that it must be purchased through a DIR contract. The following steps will help state agencies make that determination.

1. Obtain the class-item code for the desired product or service from the TBPC Web site.
2. If the product or service is designated as CISV, i.e., marked with an asterisk (*), refer to DIR's IT Commodity Purchasing Program. If the product or service is not designated as CISV, use another procurement method.
3. Refer to the *State of Texas Procurement Manual* to see if another special purchasing program takes precedence, i.e., Texas Industries for the Blind & Handicapped (TIBH) set-asides or certain programs at the Texas Department of Criminal Justice (TDCJ).
4. Determine if the desired product or service is on the DIR IT Commodity List by searching the DIR Store Web site for the class-item code (obtained in step 1).
 - a. If the search produces a list of contracts for that class-item code, the product or service is on the DIR IT Commodity List and must be procured through a DIR contract unless an exemption is requested by the state agency and granted by DIR in accordance with the guidelines described in Section IV.
 - b. If the search results in the message "Not on the DIR IT Commodity List," the product or service is not available through a DIR contract. The state agency should proceed with the procurement through another procurement method and notify DIR in accordance with the Semiannual IT Commodity Report instructions described in Section VI.

Figure 2 – IT Commodity Purchasing Process



IV. Exemption Guidelines

If an IT commodity is on the DIR IT Commodity List, a state agency must purchase the item through a DIR contract or must request and be granted an exemption before procuring the item through an avenue other than a DIR contract.

Under certain circumstances, DIR may determine that it is reasonable to grant a blanket exemption to all state agencies. Before requesting an exemption, a state agency should review the list of current blanket exemptions on the DIR Store Web site (also see Appendix B) to determine if there is a blanket exemption that applies to the IT commodity to be procured.

If a blanket exemption does not exist, or if the scope, terms, and requirements of an existing blanket exemption do not meet the state agency's needs, then the state agency must request a one-time exemption by completing and submitting the Exemption Request Form (see Appendix C).

A. Blanket Exemption Reporting Instructions

If a state agency decides to proceed with its IT commodity procurement under a blanket exemption, the procurement must be made in accordance with the exact scope, terms, and requirements specified in the blanket exemption (see Appendix B). The state agency must provide DIR with notification that the procurement has occurred under a blanket exemption. The notification process is described in Section VI, (Semiannual IT Commodity Report Instructions).

B. One-Time Exemption Request Instructions

If, for any reason, a state agency wants to procure an item available on the DIR IT Commodity List through an avenue other than a DIR contract, the agency must first obtain an exemption for the procurement from DIR. Sufficient information to support the validity of the exemption request must be provided to DIR. State agencies must complete an Exemption Request Form with basic information pertaining to the proposed procurement and an explanation of the reason for requesting the exemption. Reasons—and the required validation information for each—include, but are not limited to, the following.

1. **Cost.** Includes the cost of making the procurement, cost for implementation, and any recurring costs over the term of the requested exemption. If a state agency determines the cost for procuring an IT commodity is less expensive through an avenue other than a DIR contract, the cost information must be provided to DIR. Any quotes received from vendor(s) must be included with the request.
2. **Terms and Conditions.** If a state agency determines that certain terms and conditions are not available through the DIR contract and cannot be added to the DIR contract, the terms and conditions and the state agency requirement that is satisfied by those terms and conditions must be included in the request.
3. **Funding Source Restrictions.** If a state agency encounters specific restrictions related to the funding source that would prevent it from procuring an IT commodity through a DIR contract, a description of those restrictions must be included in the request.

4. **Compatibility with Existing Technology Infrastructure.** If a state agency determines that its technological requirements cannot be delivered by an IT commodity available through DIR contracts, a detailed description of the compatibility issues must be included in the request. The use of a particular hardware, software, or technology service by itself is not sufficient justification for exemption.
5. **Proprietary Restrictions.** If a state agency encounters proprietary restrictions that would prevent it from procuring an IT commodity item through a DIR contract, a description of those restrictions must be included in the request.
6. **Other Circumstances or Requirements.** If a state agency has other extenuating circumstances or requirements that would justify why an IT commodity cannot be procured through a DIR contract, a description of the circumstances or requirements must be included in the request.

The Exemption Request Form may be submitted electronically, faxed, or mailed to DIR. DIR will acknowledge receipt of the request form. If the requesting state agency does not receive acknowledgement of receipt by DIR within three business days of submission, it is the state agency's responsibility to follow-up to ensure DIR's receipt of the request form. Standard exemptions are processed within thirty calendar days of acknowledgement of receipt.

A state agency may submit an expedited exemption request, which DIR will process within three business days. This request must include the Exemption Request Form accompanied by a statement from the agency head, or his/her designee, describing the situation and the reasons for the expedited review. To ensure that expedited exemption requests are evaluated in a timely manner, the requesting state agency should submit the Exemption Request Form and statement from the agency head to DIR (ATTN: EXPEDITED EXEMPTION REQUEST) electronically or by fax, and alert DIR by telephone (512-936-7578) that the request has been sent. It is the state agency's responsibility to follow-up to ensure DIR's receipt of the request form.

V. Exemption Request Evaluation Procedures

DIR will make a good-faith effort to provide the requesting state agency confirmation of receipt of an Exemption Request Form in a timely manner. DIR will evaluate *and respond* to expedited exemption requests within three business days of receipt. For all other exemption requests, DIR will have a maximum of thirty calendar days from date of receipt for evaluation.

It is the intent of DIR to process exemption requests earlier than the maximum timeframes specified above; however, DIR will spend whatever time is necessary within those timeframes to perform the due diligence to evaluate the request.

If DIR determines, during the evaluation process, that additional information regarding the exemption request is necessary, DIR will notify the requesting state agency contact person listed on the Exemption Request Form. The requesting state agency must make a good-faith effort to provide DIR the additional information within three business days of notification by DIR.

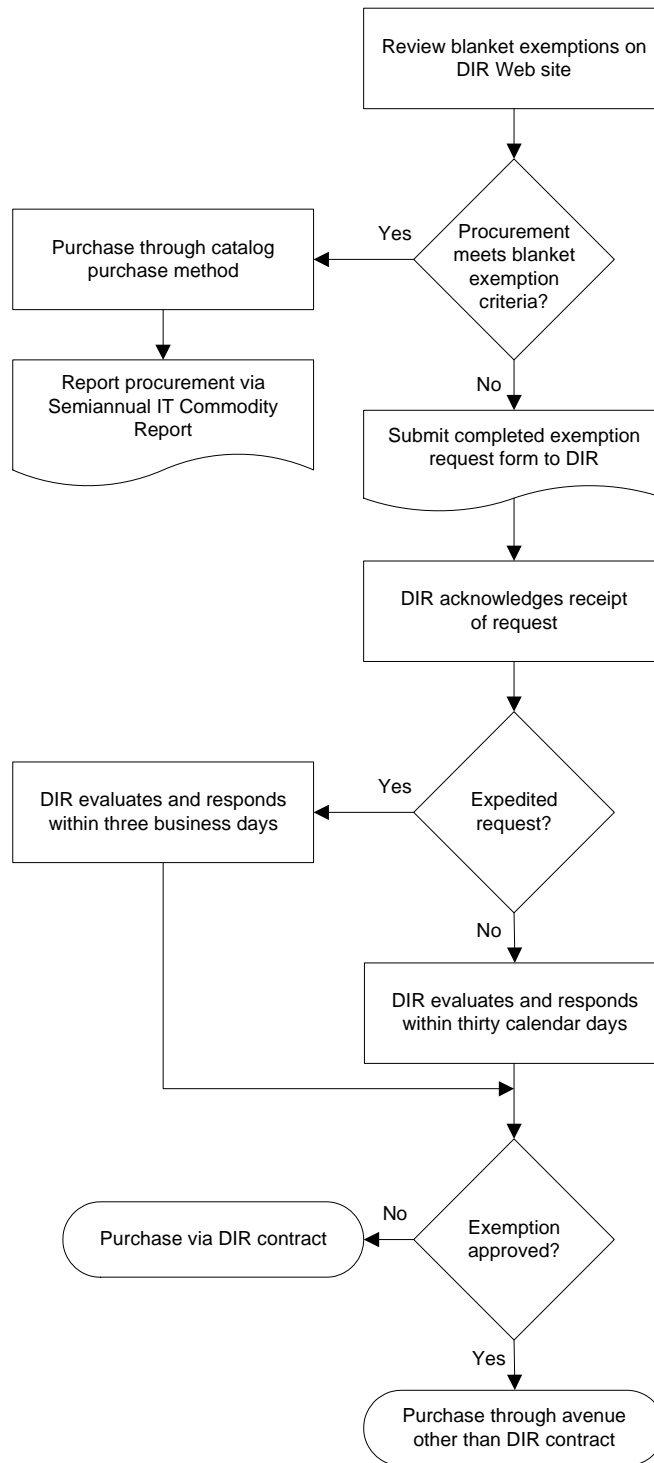
All requests for exemptions will be reviewed on a case-by-case basis to determine if the proposed purchase is in best interest of the state. If the state agency justification for the request is due to cost or to the terms and conditions of a DIR contract, DIR reserves the right to attempt to resolve the discrepancy that caused the state agency to request the exemption.

DIR will notify the requesting state agency of its decision to approve or deny the exemption request. The approval notification will include the specific scope, terms, requirements, and duration for which the exemption is approved. If the approval contains a scope, terms, requirements, or a duration that is not as broad as the state agency's request, DIR will provide an explanation of the variance.

If the state agency does not receive written approval or denial from DIR within thirty calendar days, or three business days for an expedited exemption request, the state agency may proceed with the IT commodity purchase in accordance with the exact scope, terms, requirements, and duration specified in the state agency's exemption request.

If the exemption request is denied, DIR shall provide the state agency a written explanation of the basis for the denial. A state agency that does not agree with the basis for denial may submit an appeal to the Legislative Budget Board.

Figure 3 – Exemption Process



VI. Semiannual IT Commodity Report Instructions

A state agency may procure hardware, software, or technology services through an avenue other than a DIR contract (a) under a blanket exemption or (b) if the hardware, software, or technology service is not on the DIR IT Commodity List. The state agency must notify DIR on a semiannual basis of these procurements. This will assist DIR in determining if a reasonable demand exists in two or more state agencies for the pursuit of a contract for the IT commodity.

The Semiannual IT Commodity Report shall be submitted electronically, in a format provided by DIR.

No Semiannual IT Commodity Report for fiscal 2006 is required.

Appendix A. Definitions

Blanket exemption – a general exemption that DIR has determined reasonable to grant to all state agencies for a limited time under certain circumstances.

CISV – Catalog Information System Vendor; a vendor that is approved by TBPC to provide automated information systems products or services to eligible entities in the state.

DIR – Department of Information Resources.

DIR IT Commodity List – list of commodity IT items available through DIR contracts.

DIR Web site – general information about DIR programs—including the DIR Store—is available at <http://www.dir.state.tx.us>.

Emergency procurement – may be warranted to prevent a hazard to life, health, safety, welfare, or property or to avoid undue additional cost to the state, as defined in §2157.068, Texas Government Code, and/or Texas Administrative Code, Title 1, Part 10, Chapter 212.

Exemption request – a formal request necessary if a state agency identifies a need to procure an item on the DIR IT Commodity List through an avenue other than a DIR contract.

Expedited exemption request – an exemption request that requires an expedited response by DIR in the event that a state agency experiences an unforeseeable circumstance that requires immediate attention but does not qualify as an Emergency Procurement as defined in Texas Administrative Code, Title 1, Part 5, Chapter 113, Subchapter A, Section 113.2(21), and is not exempted by DIR under a blanket exemption.

Hardware – the physical technology used to process, manage, store, transmit, receive or deliver information. The term does not include software.

IT – information technology

IT commodity items – commercially available hardware, software, and technology services that are generally available to businesses or the public.

Proprietary – defined in Texas Administrative Code, Title 1, Part 5, Chapter 113, Subchapter A, Section 113.2(42), as “products or services manufactured or offered under exclusive rights of ownership, including rights under patent, copyright, or trade secret law. A product or service is proprietary if it has a distinctive feature or characteristic which is not shared or provided by competing or similar products or services.”

Purchase – to obtain ownership, any rights with respect to the use, transfer of ownership, or delivery of IT commodity items through acquisition, lease, or any other method.

Seat management – services through which a state agency transfers its responsibilities to a vendor to manage its personal computing needs, including all necessary hardware, software, and technology services.

Software – commercially available programs that operate hardware. The term includes all supporting documentation, media on which the software may be contained or stored, related materials, modifications, versions, upgrades, enhancements, updates, or replacements.

State agency – a department, commission, board, office, council, authority, or other agency in the executive branch or judicial branch of state government, created by the constitution or a statute of the state. The term does not include institutions of higher education, as defined in §61.003, Education Code.

TBPC – Texas Building and Procurement Commission.

TBPC Web site – <http://www.tbpc.state.tx.us>

Technology services – all the services, functions and activities that facilitate the design, implementation, creation, or use of software or hardware. The term includes seat management, staffing augmentation, training, maintenance and subscription services.

Appendix B. Blanket Exemptions

Emergency Procurement Exemption. State agencies are granted an exemption from the requirement to purchase IT commodities through a DIR contract if a situation arises in which compliance with §2157.068, Texas Government Code, and/or Texas Administrative Code, Title 1, Part 10, Chapter 212, is impractical or contrary to the public interest, and an Emergency Procurement is warranted to prevent a hazard to life, health, safety, welfare, or property or to avoid undue additional cost to the state. The scope and duration of the purchases shall not exceed the duration of the emergency. A brief statement of the emergency and the reason the commodity IT items could not be purchased through a DIR contract must be included in the Semiannual IT Commodity Report to DIR.

Critical Need Exemption. State agencies are granted an exemption from the requirement to purchase IT commodities through a DIR contract if an unforeseeable circumstance occurs that requires immediate attention, but does not qualify as an Emergency Procurement as defined in Texas Administrative Code, Title 1, Part 5, Chapter 113, Subchapter A, Section 113.2(21). This exemption is for procurements not to exceed \$1,500 and that are necessary to restore operation or to correct severely impaired operations due to an equipment failure. A brief statement of the circumstances that caused the critical need and the reason the IT commodities could not be purchased through a DIR contract must be included in the Semiannual IT Commodity Report to DIR.

TIBH Set-Aside Exemption. State agencies are granted an exemption from the requirement to purchase IT commodities through a DIR contract if those commodity IT items are offered in the Texas Industries for the Blind and Handicapped (TIBH) catalog and designated by the Texas Building and Procurement Commission as a product that is set aside from competitive bidding and offered through a TBPC term contract. State agencies purchasing set-aside items through TIBH under this exemption *are not required* to include these purchases in their Semiannual IT Commodity Reports to DIR.

Outsourced Deliverables-Based Projects. Commodity technology services do not include deliverables-based, outsourced systems integration or application development projects. Therefore, state agencies are granted an exemption from the requirement to purchase through a DIR contract when purchasing these types of services. State agencies *are not required* to include these purchases in their Semiannual IT Commodity Reports to DIR.

Minimum Threshold Procurements. State agencies are granted an exemption from the requirement to purchase IT commodities through a DIR contract for procurements not to exceed \$250. State agencies are required to include these purchases in their Semiannual IT Commodity Reports to DIR.

Seat Management Lease Established Prior to 9/01/05. An exemption for a seat management agreement established prior to September 1, 2005, is valid through the initial term of the agreement, but no extensions or renewals are allowed. State agencies are required to include these purchases in their Semiannual IT Commodity Reports to DIR.

Technology Lease Established Prior to 9/01/05. An exemption for a hardware or software lease established prior to September 1, 2005, is valid through the initial term of the agreement, but no extensions or renewals are allowed. State agencies are required to include these purchases in their Semiannual IT Commodity Reports to DIR.

Computer/Office Accessories and Supplies Exemption through 12/31/2006. State agencies are granted an exemption for the procurement of Computer/Office Accessories and Supplies for the specific CISV class-item codes listed below:

CISV CODE	DESCRIPTION
207-30	Compact Disks, DVD, ROM, etc.
207-42	Diskettes, Disk Packs, Floppy Diskettes, Labels, etc.
207-72	Printer Accessories and Supplies: Chemicals, Forms Tractors, Inks and Cartridges, Paper, Label Sheets, Sheet Feeders, Toner Cartridges Wheels, etc.
207-79	Recycled Computer Accessories and Supplies
207-87	Tapes, Tape Cartridges, Tape Cassettes, Tape Reels, Tape Labels, etc.
610-56	Ribbons, Computer and Data Processing, All Types (For Tab See 610-73)
610-63	Ribbons, Teleprinter and Teletype, All Types

State agencies are required to include these purchases in their Semiannual IT Commodity Reports to DIR.

Equipment Maintenance and Repair Services Exemption through 12/31/2006. State agencies are granted an exemption for the procurement of Equipment Maintenance and Repair Services for the CISV class-item codes listed below:

CISV CODE	DESCRIPTION
939-ALL	Equipment Maintenance and Repair Services for Computers, Office, Photographic, and Radio/Television Equipment.

State agencies are required to include these purchases in their Semiannual IT Commodity Reports to DIR.

Software Licenses and Maintenance Exemption through 12/31/2006. State agencies are granted an exemption for the procurement of software licenses or software maintenance, if the software title or the software maintenance is not available from one of the contracted vendors listed on the DIR Web site at <http://www.dir.state.tx.us/store/busops/software.htm>. State agencies are advised to check the Web site prior to software purchase, as DIR adds new software titles on a regular basis. This exemption is valid for the CISV class-item codes listed below:

CISV CODE	DESCRIPTION
208-ALL	Computer Software for Microcomputers (Preprogrammed)
209-ALL	Computer Software for Mini and Main frames (Preprogrammed)
920-45	Software Maintenance/Support
920-46	Software Updating Services

State agencies are required to include these purchases in their Semiannual IT Commodity Reports to DIR.

Training Services Exemption through 8/31/2007. State agencies are granted an exemption for the procurement of training services, if the training is not available from one of the contracted vendors listed on the DIR Web site (<http://www.dir.state.tx.us/store/busops/training/index.htm>). State agencies are advised to check the Web site prior to the procurement, as the training vendors may add new training course titles on a regular basis. This exemption is valid for the CISV class-item codes listed below:

CISV CODE	DESCRIPTION
920-91	Training, Computer Based (Software Supported)
924-40	Instructor-led Classroom Training (Including Technical)

State agencies are required to include these purchases in their Semiannual IT Commodity Reports to DIR.

Appendix C. Exemption Request Form

State agencies should use this form to request an exemption for purchasing IT commodity items through an avenue other than DIR contracts.

Date Submitted:

Expedited Exemption Request: Yes No

If yes, attach a statement from the head of the requesting state agency describing the situation and the reasons for expedited review

Agency Information

Agency Name:	Agency Number:
Address:	
City, State, Zip:	

Agency Contact Information

Alternate Contact Information (OPTIONAL)

Name:	Name:
Title:	Title:
Phone Number:	Phone Number:
E-mail Address:	E-mail Address:
Fax Number:	Fax Number:

Proposed Procurement Information

Anticipated Date of Procurement:		
Anticipated Duration of Procurement:		
Provide the following information for each item covered in this request.		
Commodity Item to be Procured:		
Commodity Type: <input type="checkbox"/> Hardware <input type="checkbox"/> Software <input type="checkbox"/> Service		
CISV Class-Item Code:		
Commodity Item Description:		
Provide the following if available:		
Vendor:		
Manufacturer/Publisher/Service Provider (if different from Vendor):		
Part Number (if available):		
Quantity:	Unit Price:	Extended Price:

Justification for Exemption Request:

<input type="checkbox"/> Cost	<input type="checkbox"/> Terms and Conditions
<input type="checkbox"/> Funding Source Restrictions	<input type="checkbox"/> Compatibility with Existing Technology Infrastructure
<input type="checkbox"/> Proprietary Restrictions	<input type="checkbox"/> Other
Provide sufficient information to support the validity of the request.	

Submit this form via one of the following methods:

FAX: (512) 475-4759

U.S. Mail: Brian Rawson, Director of Service Delivery
Department of Information Resources
P.O. Box 13564, Austin, TX 78711-3564

Email: pio@dir.state.tx.us

Do not use U.S. Mail for Expedited Exemption Requests

Appendix D. Semiannual IT Commodity Report Format

1	Agency Name:															
2	Agency Number:															
3	Contact Name:															
4	Contact Phone:															
5	Contact E-mail:															
6																
7	Date PO Issued	PO Number	Commodity Type	Class Code	Item Code	Vendor	Manufacturer, Publisher, Service Provider	Part No.	Description	Quantity	Unit Price	Extended Price	Name of Blanket Exemption	Exemption Applicability and Justification State		
8			Types:				(if different from Vendor)		(if available)				(required if purchased under blanket exemption)	(required if purchase under blanket exemption)		
9			Hardware													
10			Software													
11			Service													
12																
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Note: This report has not been finalized. DIR will solicit input from state agencies to finalize the eventual format.