

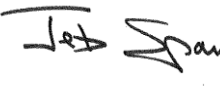


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*Jeb Spaulding, Secretary*

## MEMORANDUM

**TO:** Secretaries, Commissioners, and Business Managers  
**FROM:** Jeb Spaulding, Secretary of Administration  
**RE:** Print Procurement Requirement   
**DATE:** February 13, 2012

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**Effective March 1, 2012, Vermont Correctional Industries (VCI) and the BGS Print Shop are to be the first choice for all printing projects that involve digital or offset requirements.**

Pandora USA was retained by the Office of Purchasing & Contracting in November, 2010 to examine procurement processes for printed materials on a statewide basis. Under the agreement, Pandora analyzed the previous 12 months worth of spending and identified several areas where savings can be realized.

Working with Vermont officials and Vermont's existing vendors and suppliers, Pandora has undertaken a comprehensive assessment of the state's paper and printing expenses and the associated procurement processes including:

- exhaustive review of all print production contracts and products (over 1,000 individual components)
- data collection from over 50 current vendors
- pricing and specification analysis, including evaluations against Pandora's database
- identification of potential new vendors from across the industry (US only)

The assessment shows that without any substantial changes to the quality or characteristics of the end products, Vermont's potential savings could reach over 30% or more if all recommendations are implemented.

The assessment further shows that there are two primary areas of savings:

1. Shift appropriate, recurring production jobs to print shops currently owned by the state - BGS Print Shop or Vermont Correctional Industries (VCI). The shift or transition will occur over time as relevant contracts expire. This will not only save the state money but make better use of existing state resources and staff expertise.
2. Leverage Vermont's purchasing power by consolidating and executing paper and envelope contracts. For print jobs produced outside State facilities, require print vendors to buy paper from State contracts.

## **IMPORTANT: Mandatory Change in Practice**

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### **Facts considered:**

#### **Reduction in overhead costs**

VCI and the BGS Print Shop both represent a reduction in operating costs over a traditional external supplier since printing resources are already owned and operated by the State, not financed by the margin an external printer might need to charge, especially on lower quantity (digital) printing. Reduced freight costs are an added benefit.

#### **Increased control over paper consumption and prices**

By buying paper directly for jobs produced at BGS and VCI print shops, the State dramatically increases the control and visibility over paper consumption and also can leverage larger overall volumes through decreased prices. This combination of cost and consumption control is often the most powerful driver of savings in any optimized program.

#### **Equipment-product alignment**

Since most of the State's products are or should be printed on digital equipment (as opposed to larger offset printing equipment) because of specification and quantity, there is already existing alignment between current product types and the equipment owned by the State. Only on a few jobs that require much larger equipment (such as magazines and high-quantity calendars for example) or highly specific jobs involving labels or high-security papers does the State need to consider external suppliers. The internal capabilities of the BGS Print Shop and VCI make them very cost-effective options for the majority of the State's printing needs. Overall, equipment-product alignment is another very strong driver of savings.

#### **Outside jobs (those not completed by BGS or VCI)**

The state will still benefit and save money from a new requirement that directs outside vendors to purchase the paper for these jobs via Vermont's new master contracts for paper & envelopes if our prices are superior, and from the better visibility and knowledge relating to appropriate paper consumption and equipment that will be reflected in the contracts with outside vendors.

**Again, effective March 1, 2012, Vermont Correctional Industries (VCI) and the BGS Print Shop are to be the first choice for all printing projects that involve digital or offset requirements.**

- **A shift of products that are currently produced by external suppliers to BGS and VCI is good for all the reasons listed above and more, this same rationale can be used for printing “one-off” or non-contracted jobs as well. The BGS print shop and VCI have two distinct specialties in terms of printing -- BGS has excellent digital presses, while VCI has better capabilities for larger quantity offset runs (generally over 8,000 units).**
- **Pandora's recommendation requires the BGS and VCI print shops be the “first choice” for all agencies looking to print any “one-off” jobs. What that means:**
  - **For agencies already utilizing Vermont Correctional Industries (VCI) and the BGS Print Shop for their print requirements, please continue to do so.**

- **For all other print requirements in which existing contracts must be renewed and/or competitive quotes must be obtained, one-off and/or non-contracted print jobs, requirements must be submitted to the Office of Purchasing & Contracting at which time they will immediately consult with Pandora to ascertain whether the print job should be produced at VCI and/or the BGS Print Shop. Analysis will include VCI and/or BGS Print Shop capabilities, and ensuring that paper consumption, paper costs and manufacturing costs are competitive. If the Office of Purchasing & Contracting determines that VCI and/or the BGS Print Shop can do the work and do so at the same or lower cost than an outside vendor, the work will be shifted to in-house print shops. The timeframe for making such a determination is 48 hours (excluding weekends and state holidays). If the Office of Purchasing & Contracting determines neither the BGS Print Shop nor VCI is appropriate, then the project will be bid out by the Office of Purchasing & Contracting at which time the requesting agency will be requested to submit a purchase requisition to expedite the solicitation process.**

**Blanket Delegation of Authority #1 (BDA-1) was reissued July 1, 2011, excluding all print material. In addition BDA #74 has been eliminated because the BGS Print Shop and VCI are now required to be used by all agencies and departments of the state.**

An outreach/kick-off session(s) will be held later this month at which representatives of both the BGS Print Shop and VCI will be in attendance. At that time, the respective shops will be able to fully introduce and explain their print capabilities. An email will be sent to all Business Managers once the date(s) for the outreach/kick-off session(s) have been confirmed.

Any questions can be directed to the state Purchasing & Contracting Manager Deb Damore at [deborah.damore@state.vt.us](mailto:deborah.damore@state.vt.us).

Thank you for your cooperation and attention to this effort.