




M E M O R A N D U M

Date: February 2, 2023

To: California State Lottery Commission

From: Alva V. Johnson, Director 

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Information Technology Services Division

Subject: Item 8(d) – Laptop/Tablet Refresh

ISSUE

The California State Lottery (Lottery) seeks the California State Lottery Commission's (Commission) approval to purchase 275 new laptops to refresh existing desktops and laptops throughout the department. The total cost of the Agreement is \$504,586.

BACKGROUND

The Lottery has approximately 1,400 desktops and laptops currently in production. In previous years, the Lottery has had no defined plan to refresh equipment on a regular schedule. As standard practice, PCs and other various equipment were purchased on an ad hoc basis. Due to the lack of a refresh plan, equipment remains in circulation that goes well beyond its useful life. As devices go beyond their useful life, they begin to experience hardware failure, slowness, and increased security risks that present major support issues for the end user and the Information Technology Services Division (ITSD). Some of these problems include issues such as swollen batteries, failed network cards, faded display screens, and compatibility issues with the operating systems. When these issues occur, ITSD must immediately get the laptop replaced with a different device which results in a major unplanned disruption for the end users and it puts a strain the IT Service and Operations Support Unit. When combined with fulfilling new employee setups the IT

Service and Operations Support Unit frequently will run out of laptops and must reactively submit unplanned procurement orders which results in the department having a large variety of laptop make and models in production which in turn makes it difficult for ITSD to manage resources necessary to maintain a diverse and complex inventory. This method also makes it nearly impossible for ITSD to forecast IT equipment needs and budget for future years.

DISCUSSION

In an effort to move into a proactive method that is predictable and budget friendly ITSD is establishing a standard, scheduled hardware refresh plan for the department. As part of the ITSD refresh plan, ITSD is implementing a phased approach that will start with phase one, the replacement of existing oldest 300 devices. Each device is over three years old and is no longer supported by the manufacturer. For phase two, beginning in Fiscal Year (FY) 2023/24, ITSD will refresh the next set of devices that are no longer supported and establish a rolling annual refresh schedule. This schedule will ensure all PC and laptops remain on a three-year refresh cycle that is based on division.

The following diagram demonstrates the division refresh cycle beginning in FY 2023/24.

FY 23/24	FY 24/25	FY 25/26
Sales and Marketing	ITSD	Finance
SLED	Human Resources	Executive
		Operations

As a result of this plan, no more of 1/3 of the devices will be replaced during each fiscal year, thus controlling cost, time, and resources. This annual refresh schedule will allow ITSD to forecast and budget for procurement needs and ensure that adequate stock is maintained. This will ensure that Lottery devices remain current and maintainable from a security standpoint. It will also improve the users' experience by ensuring that the hardware can adequately support various Lottery systems. Devices will be regularly swapped out which will minimize the impact to end users and reduce the amount of work disruption calls related to hardware failures due to aging equipment.

The Lottery's formal competitive procedures will not apply to this procurement, pursuant to the exception set forth in Lottery Regulations Section 8.1.2.C as follows:

“The goods or services will be acquired using a standard United States General Services Administration Agreement or a State of California, Department of General Services Master Services Agreement, Multiple Award Schedule, Master Rental Agreement, or other such agreement which establishes a list of pre-qualified bidders who have agreed to contract terms and prices.”

The Lottery utilized the Mandatory Statewide Contract, requesting a bid from the only reseller that participated in the Mandatory Statewide Contract by the State of California, Department of General Services (SC-1-21-70-08B). The bid was submitted by Granite Data Solutions Inc.

RECOMMENDATION

Lottery staff recommends the California State Lottery Commission approve the purchase of 275 new laptops to refresh existing desktops and laptops throughout the department in order to establish a baseline for a continual refresh cycle. The total cost of the Agreement is \$504,586.