




## M E M O R A N D U M

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**Date:** September 19, 2023

**To:** California State Lottery Commission

**From:** Alva V. Johnson, Director 

**Prepared By:** Jennifer Chan, Deputy Director  
Information Technology Services Division

**Subject:** Item 8(f) – Copier Refresh

### **ISSUE**

The California State Lottery (Lottery) seeks approval to purchase 69 new Sharp copiers and printers with a 5-year maintenance agreement. This procurement will refresh existing copiers that have reached end of life throughout the department. The total cost of the agreement is \$817,072.74.

### **BACKGROUND**

The Lottery must replace end-of-life (EOL) and end-of-support (EOS) copiers that it currently has in production to address security and maintenance risks associated with the EOL/EOS copiers. In previous years, the Lottery has had no defined plan to refresh equipment on a regular schedule and copiers were purchased on an ad hoc basis. Due to the lack of an Enterprise Refresh Plan, over 80 percent of the equipment that remains in circulation goes well beyond its useful life. As devices go beyond their useful life, they begin to experience hardware failure and higher maintenance costs, as well as increased security risks that present major support issues for the end user and the Information Technology Services Division (ITSD). These copiers do not contain current technology necessary to meet today's IT security standards (e.g., Secure Socket Layer and encryption methods) and do not have the proper settings to handle basic tasks (e.g., secure email).

These outdated copiers also result in work stoppage (e.g., constant paper jams, broken parts that are hard to obtain, streak marks on print jobs, etc.). When these issues occur,

ITSD must contact an outside vendor for maintenance and repair or implement insecure security methods, which results in major unplanned disruptions for end users. This also places a strain on the IT Operations Support group having to respond to calls and identify temporary alternative solutions, as well as the offices who rely on heavy printing for business needs. In addition, as business needs have changed at the District Offices due to full rollout of the Paying Claims at the District Office Project, existing printers are being heavily overused and are resulting in increased service calls and overage charges under Lottery's current maintenance contract. IT Operations Support must reactively submit unplanned procurement orders to cover the costs of repairs, which makes it impossible to forecast future budget needs and results in decreased operational efficiency for Lottery users.

## **DISCUSSION**

In an effort to move into a proactive method that is predictable and budget friendly, ITSD is establishing a standard, scheduled Enterprise Refresh Plan for the department for all of its equipment. The first part of this Enterprise Refresh Plan was presented and approved at the February California State Lottery Commission (Commission) meeting for the purchase of laptops. As a continuation of the Enterprise Refresh Plan, all copiers will be placed on a five-year refresh cycle and will remain under a constant all-inclusive maintenance plan that will include consumable items for the duration of their time in production. In order to achieve this, all Xerox copiers are to be replaced with Sharp copiers and additional copiers will be installed at the District Offices to accommodate the extra printing demand from the Paying Claims at the District Office Project. Once the Lottery's remaining fleet of copiers has been addressed and replaced through this purchase, all copiers will be on an Enterprise Refresh Plan cycle in which all copiers in production will be replaced on a continual basis to ensure they do not exceed the 5-year lifespan.

This Enterprise Refresh Plan 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. Maintaining the copier inventory on a predictable refresh schedule will minimize the impact to end users and reduce the amount of work disruption calls related to hardware failures due to aging equipment.

The process to replace the outdated copiers began in the 2021-22 fiscal year. ITSD leveraged the statewide mandatory contract and purchased Sharp copiers to replace the most critical need in production. Although the Sharp mandatory contract has since expired, in order to maintain a consistent environment ITSD has decided to continue using

the Sharp brand utilizing the National Association of State Procurement Officials (NASPO) contract. Maintaining a consistent copier brand environment will reduce the burden on the IT Operations Support group to maintain the equipment by having a consistent parts supply for a single brand as well as consistent print drivers for a smooth user experience. The copier brand will be reevaluated when the existing Sharp copiers are scheduled to be replaced in 2027. This procurement will replace the remaining copiers that are beyond useful life and will add additional copiers to various locations that have increased printing needs due to the expansion of the Paying Claims at the District Office project and changing telework/office centric job duties.

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 NASPO Contract, requesting multiple offers from resellers listed as Sharp authorized re-sellers under the contract by the State of California, Department of General Services (7-19-46-07.12). The lowest qualified quote was submitted by Smile Business Products, Inc.

### **RECOMMENDATION**

The Lottery recommends the California State Lottery Commission approve the purchase of 69 new copiers and printers with a 5-year maintenance plan to refresh existing copiers throughout the department in order to establish a baseline for a continual refresh cycle. The total cost of the agreement is \$817,072.74, with the five-year term beginning upon receipt of the copiers.