

IT Purchases and Lifecycle Costs

ITS (oversight entity for IT related purchases) requires that we look at the lifecycle costs (3 to 5 years of expenses - not just what we are buying right now) for IT related purchases to determine if quotes, proposals, etc. are needed. If lifecycle costs fall between \$5,000 and \$50,000, we will need at least two signed quotes. If lifecycle costs exceed \$50,000, we will need to issue a formal Request for Proposals.

ITS has stated that we cannot just add to (e.g. renew a license, pay for maintenance/support, etc.) a purchase that began without a competitive procurement (quotes, bids, or proposals). With those basic guidelines, as well as a few more specific ones, we have to evaluate each IT purchase to ensure we are in compliance with the regulations. If there is a competitive procurement in the background, we can continue to “add to” that original purchase. If the original purchase was purchased without having quotes, bids, etc., we have to pause and establish a competitive procurement (obtain comparable quotes, etc.).

The three-year lifecycle is just an example provided by ITS. Because technology changes so rapidly these days, ITS believes it would be typical to utilize a product for 3-5 years before making a switch to a new/improved product to meet the need. Quotes/Proposals should be obtained that list prices for Year 1, Year 2, Year 3, etc.

You must award to the vendor with the quote providing the lowest total lifecycle costs. Quotes must be signed by the vendor or accompanied by the vendor’s email when the quote was sent to serve as the vendor’s quote signature.