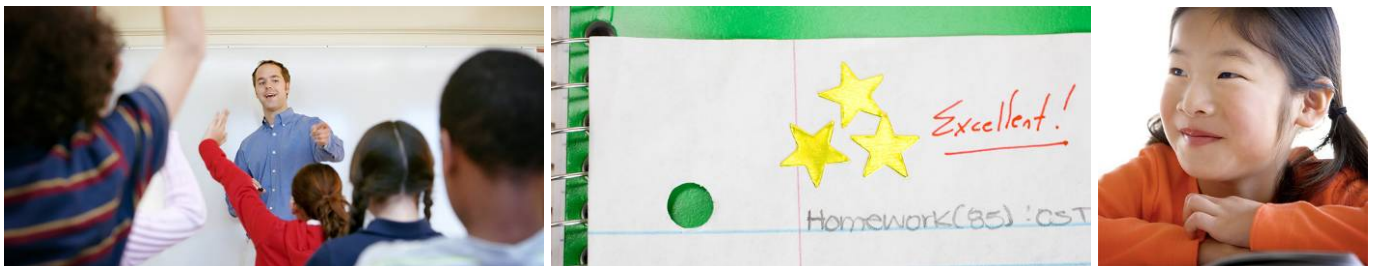


# Hewlett-Packard Company Proposal to Sarasota County Schools for Desktop and Notebook Computers and Services



February 3, 2009



# Table of Contents

Introduction .....	3
Product and Bundled Services.....	4
Fiscal and Administrative Considerations .....	4
Standard PC Configurations.....	4
Five Year Warranty.....	5
Support Efficiencies from a Single Vendor .....	5
Procurement.....	6
Receipt, Asset Management, Imaging and Warehousing .....	6
PC Refresh Process.....	7
PC Recycling.....	7
Technology Service Desk.....	8
Pricing .....	9
Proposal pricing is significantly lower than WSCA .....	9
Leasing Program.....	10
Approval.....	10
Requirements and Contingencies .....	10

## Introduction

Sarasota Schools requires a comprehensive product and services program to procure desktop and notebook computers, provide ongoing asset management, deployment logistics, warranty and repair support with ITIL compliant service management.

Hewlett Packard (HP) has been the primary personal computer (PC) vendor at Sarasota Schools for several years and this proposal incorporates these new components with the goal of providing higher service levels for Students, Teachers, Principals and Staff. HP prides ourselves on being a leading contributor to advancements in the effective use of technology to improve learning outcomes, as well as a source of best practices and creative solutions to assist our K-12 customers succeed.

## Quality Products

Over the years, HP quality programs have produced higher reliability, improved durability, lower production costs and more competitive product prices. The comprehensive HP approach to quality encompasses product design, manufacturing and delivery, as well as excellence in administrative processes and service functions. For obvious reasons, the more reliable the product, the greater the cost savings experienced.

## HP's Financial Strength

With annual revenue of \$118.4 billion, HP ranks fourteenth on the Fortune 500 and is the world's largest computer company. Sarasota can be assured that HP has the financial stability needed for a project of this size.

## HP Financial Services

HPFS provides highly complete product leasing programs for computer equipment. In short, leasing improves cash flow, eliminates dramatic variances in capital expenditures and ensures that the District's computing assets are continually refreshed.

Sarasota Schools successfully used HPFS in calendar year 2000 for PC leasing. Currently, Monroe and Pinellas County Schools among others can provide references for the HPFS equipment leasing program.

## Local Partnership with Vitil Solutions

HP has selected Vitil Solutions (Vitil) as our partner to provide local logistics and services as required. Vitil is a 30+ year old Sarasota County based technology company that has successfully provided the same Service Desk support to Sarasota County Government since 2001. Vitil has also provided HP sales and logistical services to Sarasota Schools for over 10 years and does the same for Manatee County K-12 and New College of Florida.

## Conclusion

In summary, we believe HP and Vitil have a turnkey program to provide the best of products and services for Sarasota Schools. We are pleased to submit this proposal and are available to provide any further details necessary for you to proceed with our offer.

## Product and Bundled Services

### Fiscal and Administrative Considerations

HP and Vitil have incorporated several fiscal and administrative components that we believe can benefit Sarasota Schools:

1. **Reduced annual cash requirements**  
By using a low interest lease with a 5 year term, acquiring the same quantity of units will have a reduced cash flow during years 1 through 4. Given current budget restrictions, leasing can enable Sarasota Schools to proceed with technology purchases that might otherwise be reduced within the next few budget cycles. See the “cash flow example” within the leasing section of this proposal for more details.
2. **Asset tracking avoided**  
Sarasota Schools are required to track computers as assets when they are acquired. This requires significant time and energy from Sarasota School resources for reporting and inventorying. Excessive time is spent against the difficulty associated with finding mobile assets on any given day. Initially, it can appear that hundreds of units are missing and then significant follow up efforts are required to ultimately show that they are not missing. Utilizing the equipment leasing approach, computers are “rented” rather than purchased by the district. This avoids the creation of the asset and periodic tracking of more than 20,000 units, with 50% of them being (mobile) notebooks. With the 5 year lease approach, Vitil will remove the PC from service at its functional end of life and then refresh it with a new unit. Therefore, the PC does not have to be managed as a School asset. Also, Vitil will work with Sarasota Schools Information Services (IS) to implement automated computer tracking tools to demonstrate the utilization and location of the devices.
3. **Comprehensive Total Cost of Ownership (TCO) coverage**  
This product and service bundle includes a 5 year total coverage plan for all phases of the PC life cycle. This includes a Technology Service Desk, computer refresh process, recycling logistics, warranty repairs and out of warranty repairs. This approach will help Sarasota Schools focus resources on higher value activities.

### Standard PC Configurations

IS evaluates school software application requirements to define PC configuration standards. Vitil will collaborate with IS on product choices and submit the configuration to HP and based upon annual volume commitments, HP will determine the pricing discount. HP refers to this process as “big deal” pricing.

From time to time, HP will announce end of life dates for selected product models. Vitil will monitor these announcement and notify IS with a recommended replacement configuration. With an IS approval of the configuration, Vitil will complete the same “big deal” process for each new model.

### Five Year Warranty

HP recommends that all in-use units are under warranty coverage. While Sarasota Schools typically uses their PC's for 5 or more years, these units are typically purchased with only 3 year warranties to reduce costs. As out of warranty repair costs can be high for parts or labor, HP is including an aggressive 5 year warranty price as part of this bundled offering.

### Support Efficiencies from a Single Vendor

Sarasota Schools has purchasing HP PC's as their primary vendor since calendar year 2003. Shown by year purchased, a 75% base of HP products now exists within the district:

Vendor	Type	Product Family	2000	2001	2002	2003	2004	2005	2006	2007	2008	Totals	Percent
HP	Desktop	DC5000					126	239	417	2721	1022	4525	
HP	Desktop	DC7000					1	44	27	634	335	1041	
HP	Desktop	DeskPro	7	370	2							379	
HP	Desktop	EVO			35	36						71	
HP	Desktop	Vectra	1									1	
HP	Notebook	6000			3			3455	282	1992	1001	6733	
HP	Notebook	NC					52	84	910	3943		4989	
HP	Notebook	NX				272	699	20	516	5		1512	
HP	Notebook	EVO			22	429						451	
HP	Notebook				1	6	1	30	2	235	3	278	
HP	Notebook	Tablet				18	11	10	6	12		57	
HP	Notebook	NW						4	1	11		16	
HP	Notebook	XW							4	4	2	10	
HP	Notebook	Armada	2	2								4	
HP	TBD			3	53	17	173	4		3		253	
HP			10	375	116	778	1063	3890	2165	9560	2363	20320	75%
Dell	Desktop	OptiPlex	35	78	386	572	712	234			3	2020	
Dell	Desktop	Dimension			3	13	9					25	
Dell	Notebook		12	22	15	40	142	47			1	279	
Dell	Notebook	Latitude		1		2	5	1				9	
Dell	TBD		3	12	4	8	3	1				31	
Dell	Workstation	Precision			1	10	6		1			18	
Dell			50	113	409	645	877	283	1	0	4	2382	9%
<b>PC</b>			<b>60</b>	<b>488</b>	<b>525</b>	<b>1423</b>	<b>1940</b>	<b>4173</b>	<b>2166</b>	<b>9560</b>	<b>2367</b>	<b>22702</b>	<b>84%</b>
Apple	Notebook	iBook	17	44	520	724	559	311	191			2366	
Apple	Notebook	MacBook							3	28		31	
Apple	Notebook			1	11	3	1		1	2	7	26	
Apple	Notebook	PowerBook		2	3	2	6	1				14	
Apple	Notebook	iMac							6		1	7	
Apple	Desktop	iMac	366	263	243	47	3			53	2	977	
Apple	Desktop	eMac			21	337	469	25				852	
Apple	Desktop	Macintosh								16	3	19	
Apple	Desktop	PowerMac	15	15	8	7	5	3	1			54	
Apple	Desktop						2					2	
<b>Apple</b>			<b>398</b>	<b>325</b>	<b>806</b>	<b>1120</b>	<b>1045</b>	<b>340</b>	<b>202</b>	<b>99</b>	<b>13</b>	<b>4348</b>	<b>16%</b>
<b>Total</b>												<b>27050</b>	

Source: Jan 2009 AS/400 download (figures are not exact)



A unified base of PC's creates service efficiencies:

- Warranty service methods and programs vary between manufacturers. Some require product training and annual re-certifications or the customer can only use the consumer support 800# (which is a very time consuming process). The unified HP product base at Sarasota Schools allows a single method of warranty services, so training time and certification costs are reduced. With Vitil as a certified HP warranty provider, warranty and out of warranty repairs can be covered without consuming any Sarasota Schools resources.
- Support logistics are more efficient. Sarasota Schools can reduce any spare parts inventories, work with a reduced number of PC images and the users benefit from similar or exact replacement units (so they do not have learn about a different unit).

## Procurement

HP has Vitil registered as an Influencer Partner which allows Vitil to operate as an HP agent for providing product recommendations, custom quotes, order conversions and logistical support. Vitil augments Sarasota Schools Procurement by staying current with and operating the HP quoting system, ordering system, taking product training courses and staying aware of active sales programs. Within the procurement cycle, Vitil:

1. Receives requests from Sarasota Schools Purchasing and/or the Requestor
  - a. Work with HP to create any non-standard quotes
  - b. Identify if any additional discounts or HP promotional pricing is available
2. Enters each quote into the HP system and email the Requestor and Purchasing
3. Converts the approved quote into an order within the HP system
  - a. Include any logistical or special instructions
4. Collaborates with Purchasing to ensure that the Sarasota Schools open order log matches the HP backlog
5. Tracks the order
  - a. Coordinate with Purchasing if there is delivery date variance
  - b. Resolve and/or provide support with any logistical matters that arise

Also, Vitil and HP will provide Sarasota Schools with a website tailored to the approved configuration standards.

## Receipt, Asset Management, Imaging and Warehousing

Currently, PCs are shipped directly to the designated school or the Osprey facility. A new process will be implemented which provides greater efficiency and flexibility.

All products will now be received at the Vitil deployment center (1755 Northgate Blvd). Vitil will be responsible for product control and safekeeping until the PCs are deployed. At that time, a signed receipt by the appropriate school representative will identify that possession has been transferred from Vitil to Sarasota Schools.

This centralized approach provides these benefits:

1. Reclaim storage space within Sarasota Schools
2. Consistent equipment tagging and system updates
3. Up to 30 days free warehousing if the school is not ready or other delays occur
4. The option of re-routing product to a different school if necessary
5. A single, controlled location for end of life PCs to be sorted and staged for re-deployment or recycling

While the following two issues are not chronic, they can have an impact when they occur. They are part of the reasoning behind using a centralized deployment center:

1. Logistical issues if school completion schedules change or other factors causes the school not to be ready for PC's or another school is prioritized. These scenarios have created short term storage requirements and/or additional transportation requirements.
2. It is cost effective and efficient to image the PCs at the factory, but the image creation process has a 45 day minimum lead time. As many steps are required to get the image built, issues within this process can sometimes disable the possibility of factoring imaging. With a local deployment center, the PC's can be imaged as needed, without any lead time requirements.

### PC Refresh Process

The current situation is that all schools have a mixture of PC types and PC ages. This creates an inefficient situation both from an inconsistent user experience and support issues. The current refresh process is for IS to identify the oldest PC's and define a refresh plan based upon plan PC procurements.

Alternatively, IS wants to provide greater consistency and reliability within each selected school. Therefore, the standard refresh process will change as follows until that goal is achieved:

1. The selected school will have all PC's refreshed, regardless of the age of the PC
2. Removed PC's will be sorted by age at Vitil deployment center
3. Vitil will redeploy any units less than 5 years old with IS selecting the schools and associated PCs (probably the oldest units within the District).

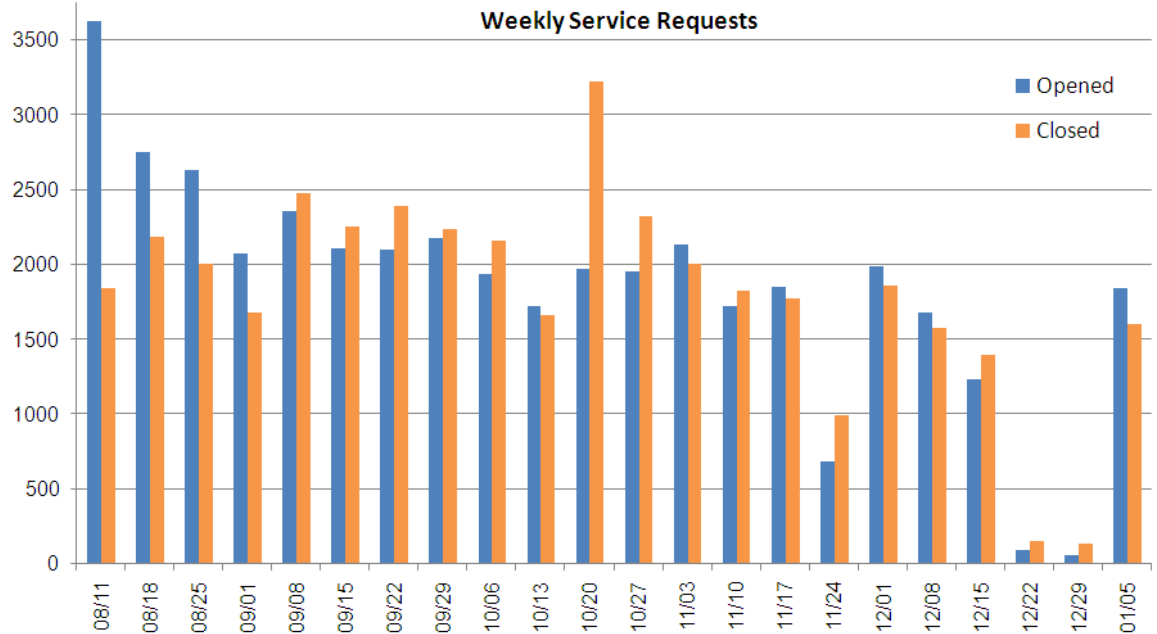
### PC Recycling

End of life units that are  $\leq 5$  years old can be donated to the Texcellence Program (a Sarasota Education Foundation program). These units are provided to Sarasota students for their home use.

Units more than 5 years old can be auctioned off or sold to a recycling company. This is the current process. As these units are largely unusable, a profit is not likely from the transaction, however this process avoids a disposal cost of ~\$15/unit.

## Technology Service Desk

Service offerings included in this proposal are defined on the basis of a global set of IT management best practices. This includes the provision of a Technology Service Desk (TSD) and an electronic problem / request reporting resolution and routing mechanism for all users. Recent school demand for support services are:



The TSD will use Maximo (a Sarasota County owned service application) under licensing agreements between Sarasota Schools and Sarasota County. This application is subject to change and inter-district agreement costs may be adjusted in the future.



## Pricing

These are the approved initial configurations and prices for Sarasota Schools. Configurations and pricing will be updated per standards management noted prior. The discount levels will remain similar based upon annual volume commitments:

HP PN	Notebook Computer	Price
GW687AV	<b>HP IDS 6730b Base NB PC</b>	
FH819AV	Vista Business w/XPP OR07 6730b O/S*	
FG891AV	DRDVD WinXP 6730/6530 Media	
KS711AV	OSCD Windows XP Pro 08 Media	
KE744AV	Intel Core2 Duo P8400 6730b Processor	
KE750AV	15.4 WXGA BV 6730b Display	
KE773AV	2048M 800DDR2 2DM 6730b Module	
KE788AV	120G 5400RPM 6730b Hard Drive	
KE798AV	6 Cell 55Whr 6730b Battery	
KE805AV	Touchpad 6730b Keyboard	
KE793AV	Combo DVD/CDRW UB 6730b Drive	
KE725AV	MDC 56K V92 6730b Modem	
KY268AV	Broadcom 802.11a/b/g/n 2 6730b Card	
KE973AV	Bluetooth 2.0+ 6730 Module	
KE801AV	1/1/0 6730b Warranty	
KE806AV	6730b Hardware Kit	
KM334AV	EStar4 Label	
RQ047AV	MS Vista Premium Logo Label	
RF141AV	Intel Core2 Duo Label	
B397101	Services	
U7898E	Warranty extension to 5 years	
<b>Total</b>		<b>1,206.34</b>

\*Vista to XP-Pro downgrades are available within the Vista price

HP PN	Monitors and Notebook Accessories	Price
RR315AA	HP Universal Nylon Case	31.00
PB993A	BATTERY 8 CELL	99.00
GS917AA	HP L1710 17-inch LCD Monitor US	115.00
KR145AA	HP L1950g LCD Monitor US	152.00
KP081AA	HP APR Dock Station 150w Mrs1.0 US	125.00

HP PN	CTE/Teacher Desktop Computer	Price
KP721AV	<b>HP Compaq dc7900 SFF Base Unit PC</b>	
KP728AV	dc7900 SFF chassis w/ std. PSU	
FF665AV	Windows Vista Custom Downgrade to XP Pro	
KP739AV	Intel Core 2 Duo E8500 processor	
KV969AV	2GB PC2-6400 (DDR2-800) 2x1GB Memory	
KV928AV	250GB SATA NCQ HDD SMART IV 1st HDD	
KW352AV	ATI Radeon 3470 256MB SH PCIe 1ST Card	
GD777AV	HP PS/2 Standard Keyboard	
GD527AV	HP PS/2 2-Button Optical Scroll Mouse	
KV956AV	SATA 16X SuperMulti LghtScribe 1st Drive	
KW004AV	HP dc7900 Country Kit	
B397101	Services	
FL132AV	1-1-1 SFF Warranty	
U7898E	Warranty extension to 5 years	
<b>Total</b>		<b>962.00</b>
<b>Total w/4GB RAM (2x2GB memory instead of 2x1GB)</b>		<b>1,032.00</b>

HP PN	Student Desktop Computer	Price
AJ411AV	<b>HP Compaq dc5800 Small Form Factor PC</b>	
AJ417AV	Standard PS - dc5 SFF Chassis	
KM969AV	Windows Vista Custom Downgrade to XP Pro	
AK322AV	Core 2 Duo E8400 Processor	
GW343AV	2GB PC2-6400 (DDR2-800) 2x1GB Memory	
GW298AV	80GB SATA NCQ HDD SMART IV 1st Drive	
GX019AV	HP PS/2 Standard Keyboard	
GW365AV	HP PS/2 2-Button Optical Scroll Mouse	
GW321AV	SATA 48X/32X Combo 1st Drive	
GX015AV	HP dc5800 Country Kit	
B397101	Services	
GX159AV	3-1-1 SFF Warranty	
<b>Total</b>		<b>794.00</b>

## Proposal pricing is significantly lower than WSCA

The following table shows the pricing advantage that Sarasota Schools has versus WSCA. Note that this pricing advantage is understated within the "delta column" as WSCA configurations are for hardware only plus a 3 year warranty as Sarasota Schools pricing also includes:

- 5 year warranty and break-fix services
- Technology Service Desk
- Centralized deployment center
- PC removal logistics
- Logistical services for the IS PC refresh initiative

Description	Purchase	WSCA	Delta
Notebook 6730b	1,206.34	1,371.00	12%
Desktop for CTE/Teacher	962.00	1,145.00	16%
Student Desktop Computer	794.00	912.00	13%
Notebook Universal Nylon Case	31.00	40.00	23%
Notebook battery (8 cell)	99.00	123.00	20%
LCD Monitor - 17 inch	115.00	218.00	47%
LCD Monitor - 19 inch	152.00	290.00	48%
Notebook Docking Station	125.00	229.00	45%

This comparison to state pricing was not possible due to significant configuration differences, but the Desktop for CTE/Teacher was fairly close and we estimate that state pricing would have been >\$1018 versus this proposal of \$962.

## Leasing Program

Leasing documents will be provided by HPFS based upon the product mix selected.

To illustrate how leasing reduces cash flow during the first few years, an example scenario shows the reduced cash flows in years 1 through 4:

**Assumptions:**

1. Average unit price = \$1200
2. 5000 units are purchased each year
3. 5 year lease term
4. Current leasing rates for a 5 year term

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Purchase Qty	5000	5000	5000	5000	5000
Annual lease payment/unit*	\$255.73	\$255.73	\$255.73	\$255.73	\$255.73
Lease 1	\$1,278,650	\$1,278,650	\$1,278,650	\$1,278,650	\$1,278,650
Lease 2		\$1,278,650	\$1,278,650	\$1,278,650	\$1,278,650
Lease 3			\$1,278,650	\$1,278,650	\$1,278,650
Lease 4				\$1,278,650	\$1,278,650
Lease 5					\$1,278,650
Annual costs	\$1,278,650	\$2,557,300	\$3,835,950	\$5,114,600	\$6,393,250

\* Monthly lease payment/unit would be \$22.25

## Approval

### Requirements and Contingencies

1. Minimum annual purchase of 3000 PC units per calendar year to occur no later than June 1 of each calendar year. This timing ensures that the refresh process will occur during the months when students are not present.
  - a. HP requests that this first minimum quantity is ordered no later than February 20, 2009.
  - b. HP reserves the right to terminate all services (except warranty coverage) if the 3000 annual purchase commitment is not met by the due date.
2. The delivery date to Sarasota Schools is defined as the date in which products are initially delivered to the Vitil warehouse at 1755 Northgate Blvd, Sarasota, FL. or any other ship to address as designated by Sarasota Schools Purchasing.
3. HP reserves the right to re-quote all pricing if Vitil were no longer involved.
4. The proposal is accepted in its entirety.
  - a. Any changes require an updated proposal, statement of work (if applicable) and a signed acceptance from Sarasota Schools.

Hewlett Packard Corporation  
3000 Hanover Street  
Palo Alto, CA 94304-1185

Parties  
Address

Sarasota County Schools  
1960 Landings Blvd.  
Sarasota, FL 34231

\_\_\_\_\_

Signature

\_\_\_\_\_

Juan Sanchez

Name

\_\_\_\_\_

Account Manager

Title

\_\_\_\_\_

