**EXECUTIVE DEPARTMENT - OFFICE OF GENERAL SERVICES**

***New York State Procurement***

***Preferred Sources Team***

**Memorandum**

**DATE:** October 10, 2013

**TO:** NYS Procurement Council

**FROM:**  NYS Office of General Services, NYS Procurement (OGS NYSPro)

**SUBJECT:** NYS Industries for the Disabled (NYSID) Application for Digital Printing Services

**OVERVIEW**

Digital Printing is the physical process that transfers an image stored in a digital format on a computer to a printable material. Digital printing results in faster, lower cost printing and is generally used for short-run jobs. This application does not include offset printing, custom printed carbonless forms, typesetting, engraved stationery or engraved business cards, silk screen reproduction or map printing. Printing services are currently offered by several agency print shops, including, but not limited to, OGS, OMH, and the Thruway Authority as well as several private sector vendors. NYSID is proposing to add these services to its Preferred Sources Offering Listing via partnership agreements between its Member Agencies (Non-for-Profit Workshops) and private, for-profit printing firms. An amendment to the printing law in 2012 allows printing to be treated as a commodity or service, which allows this application to be presented to the Procurement Council.

**NYSID REVIEW**

1. NYSID submitted an application to add Digital Printing to their Preferred Sources Offering. They are requesting a Statewide Preferred Source Status for Digital Printing Services as this service is not currently a preferred source offering. NYSID seeks to add digital printing (and variable data printing – customizable on demand printing – such as different names and addresses) to complement their existing Document Processing and Mail Fulfillment services.
2. NYSID explained Digital Printing differs from traditional printing (“lithographing and offset printing”) as a metal press is not used.
3. NYSID currently has 8 Access-VR approved corporate partners in different parts of NY State, and 5 for-profit firms that are partnering with the member agencies, to offer these services. They are:
4. Northeast Career Planning/The Norton Center is partnering with Camelot Printing (WBE) located in Albany
5. Montgomery County ARC, a.k.a. Library Services, is partnering with Amsterdam Printing located in Amsterdam
6. Fulton County ARC a.k.a. Lexington Industries is partnering with Miller Printing located in Amsterdam
7. ARC of Onondaga, is partnering with Avalon Document located in Syracuse
8. Jefferson County ARC, a.k.a. Jefferson Rehabilitation Center
9. Oswego ARC
10. F.E.G.S., is partnering with New York Digital Lithographers and Printers, Inc. (NYDC) located in New York City
11. Fed-Cap Rehabilitation Services, Inc.
12. NYSID anticipates offering these services will help reduce the 43% unemployment level for the disabled.
13. NYSID’s estimates are based on a review of the existing state contracts (executive and non-executive) and determined that over $3,500,000.00 in Digital Printing Sales occurred over a two (2) year period. NYSID also estimated sales by state agency print shops, discretionary purchases, and other purchases, for a total of $8,000,000.00 per year in anticipated sales.
14. NYSID estimates that for each $100,000.00 in sales, one (1) full time disabled labor FTE will be generated.
15. People with Disabilities will perform the following work throughout the Digital Printing process:
16. Document Preparation – The workers will electronically adjust the image/update the image to be printed to make sure it will fit the applicable margins and otherwise conform to the customers’ needs.
17. Digital small format – For smaller paper (e.g., legal or letter size paper), the workers will load the paper into the printer, unload the printed image, and assemble this for any applicable finishing.
18. Digital large format – The workers will load large paper for architectural and oversized prints into the machines, and unload the completed large items. The size and use of this will differ from the smaller paper and will require the workers to have different loading/unloading actions.
19. Finish – The workers will perform, via machinery or by hand, tasks including, but not limited to stapling, folding, tape binding & perfect binding books, drilling, cutting, and inserting to prepare the booklets/materials to be sent to the customers.
20. Quality control and shipping – The workers will review the final booklets/printed materials to ensure the accuracy, completeness, quality, etc. of the work and will then physically prepare the orders to be shipped.
21. State agencies that do in-house printing would most likely save money by using NYSID for Digital Printing services. The Office of the State Comptroller (OSC) performed a Staff Study on Statewide Printing and Reproduction Services (95-D-21), and concluded that in-house printing was not cost effective:

*Many State agencies have their own printing presses and high-speed photocopiers. We examined the cost-effectiveness of these operations and found that improvements were needed. For example, we identified several items that were printed on in-house presses when they could have been printed by commercial vendors under State contract at a fraction of the cost. We analyzed the use of 56 printing presses at 11 State agencies and found that the presses were used for an average of only 37 percent of their capacity. We suggested a number of alternatives for increasing the cost- effectiveness of State agency printing and reproduction operations.*

**OGS NYSPRO REVIEW:**

1. OGS NYSPro required NYSID to submit this application as a new service offering rather than a product line extension to the current Data/Document Imaging and Scanning offerings.
2. OGS NYSPro determined that NYSID’s business case for the addition of this product is acceptable as it clearly demonstrates customer demand and is supported by a technical/socio-economic rationale.
3. NYS Empire State Development (ESD) approval is not required for Service Applications. However, ESD was notified and received a copy of the application. ESD did not comment on the application.
4. OGS NYSPro accepts NYSID’s estimate that each $100,000.00 in sales will result in one (1) Full Time FTE.

**PROS:**

1. NYSID’s proposed service offerings are within 15% of the prevailing market pricing and in many cases less expensive than those charged by the State Print Shops/Open Market Competitors.
2. NYSID’s proposal includes both Disabled Labor and NYS Small Businesses (SBEs) partnerships.
3. NYSID can meet a variety of needs by combining this new service with its existing offerings for Data/Document Imaging, Scanning and Mail Fulfillment services.

**CONS:**

1. Digital printing appears to be difficult to benchmark the reasonableness of price as printing providers do not willingly share their pricing unless they stand to gain business from it. See attached pricing summary.
2. NYSPro has very limited resources to review the Preferred Source Applications. We expect this service to generate significant business for NYSID (millions of dollars). The end result will be NYSID submission of numerous complex, difficult to benchmark applications which could put additional strain on an already small staff.

**SUMMARY OF OGS NYSPRO PRICING ANALYSIS:**

1. Generally, it was difficult to obtain print pricing from private print shop service providers as they declined to divulge their pricing absent a true opportunity for business. OGS NYSPro benchmarked NYSID’ s pricing against FedEx/Kinkos printing pricing as well as digital printing pricing performed by the government print shops including OGS and OMH Print Shops.
2. Where we could make comparisons of similar paper and printing costs, we found that NYSID’s pricing was lower or within 15% of the prevailing market pricing found among these service providers.
3. Where we could not make easy comparison of similar paper and printing, OGS NYSPro attempted to level the playing field by using comparable paper costs from GSA and estimate a “Per Click” cost for the printing (e.g., using a ream paper cost and calculating the per sheet cost). Based on this review, OGS NYSPro determined that NYSID’s pricing was equal to or lower than the pricing of the comparable public and private entities and within the 15% of prevailing market pricing as required in Section162 of the State Finance Law.
4. OGS NYSPro Pricing Analysis is attached. It shows the NYSID proposed pricing and the comparable pricing used to ensure offered pricing was within the 15% of prevailing market pricing.

**OGS NYSPro CONCLUSION:**

OGS NYSPro recommends the State Procurement Council approve NYSID’s application to add Digital Printing Services to its List of Preferred Sources Offerings for Services. Where appropriate, NYSPro also recommends that all equipment purchased with state funds become property of the state at the conclusion of the project.