

Tab 6 – Pricing

Requirement

Appendix C:
PRICING

- Offerors shall provide a price in the format of a percentage discount off a verifiable price index. Offerors may submit discounts for various manufacturers. Discounts will remain firm and will include all charges that may be incurred in fulfilling requirement(s).
- Offerors are encouraged to offer additional discounts for one time delivery of large single orders to Region 4 ESC and member agencies. Region 4 ESC and or member agencies should seek, to negotiate additional price concessions based on quantity purchases of any products offered under the Contract. Members shall document their files accordingly.
- Awarded Vendor(s) may conduct sales promotions involving price reductions for a specified lesser period. Vendor(s) shall submit to Region 4 ESC documentation identifying the proposed (1) starting and ending dates of the promotion, (2) products involved, and (3) promotional prices compared to then-authorized prices. Promotional prices shall be available to Region 4 ESC and all member agencies.
- Offerors must submit products, services, warranties, etc. in price list.
- Installation charges shall be clearly identified when applicable.
- Prices listed will be used to establish the extent of a manufacturer's product lines, services, warranties, etc. that are available from a particular offeror and the pricing per item.
- Electronic price lists must contain manufacturer part #, vendor part # (if different from manufacturer part #); description ; manufacturers list price and net price to Region 4 ESC (including freight)
- Media submitted for price list must include the Offerors' company name, name of the solicitation, and date on CD, DVD or Flash Drive (i.e. Pin or Jump Drives).
- Please submit price lists and/or catalogs in excel or delimited format only.
- Not to Exceed Pricing
 - All pricing submitted shall be "minimum discount ceiling" or "not-to-exceed" pricing. Region 4 ESC requests pricing be submitted as not to exceed for any participating entity.
 - Unlike fixed pricing the awarded vendor can adjust submitted pricing lower if needed but, cannot exceed original pricing submitted for solicitation.
 - Cost plus a percentage off as a primary pricing mechanism is not acceptable.
 - Vendor must allow for lower pricing to be available for similar product and service purchases.

Response

The single most important factor in a price model for this contract is the reference point from which price is calculated.

Respondents who propose discounts from MSRP or a manufacturer's list price are often not providing the best value for TCPN members. MSRP lists are infrequently updated and unaffected by market conditions. In the fast changing IT market, this can mean prices in the industry lower dramatically before your contract prices adjust to an updated MSRP list. Complicating the model further, not all OEMs have price lists. This results in a vendor limiting their catalog offer or arbitrarily finding or creating price lists.

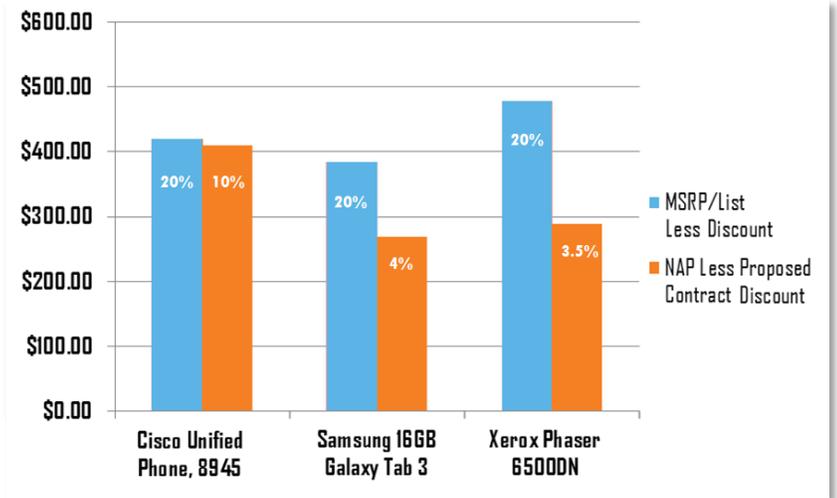
Offers structured as discount from a MSRP are very misleading. Proposed discounts can seem more aggressive at first glance, but when comparing at a line item level, a dynamic catalog offer (like CDW•G's) on average gets TCPN members the technology they need for a lower cost. Suggested prices are extremely high when compared to the actual wholesale cost; these manipulated price points allow resellers to tout deep discounts while still making substantial profit.

There are two major factors in the discrepancy. 1) Resellers do not buy most products at a discount from list; we are opportunistic, buying based on market conditions and then applying a formulaic-based mark-up to arrive at Advertised price. 2) Resellers are usually able to get far more advantageous pricing than "sticker price," due in large part to the quantity of product they source from manufacturers and/or distribution partners. Strategic OEM partnerships and our substantial buying power means resellers' invoice prices are historically far lower than MSRP.

Our proposed price offer is a discount off our Nationally Advertised Price (NAP). This model is a competitive and advantageous price offer for TCPN. The dynamic price structure updates automatically as our advertised price updates to market conditions and competitive benchmarking. This ensures that TCPN members receive savings as CDW•G recognizes them. Customers do not miss additional price decreases, special offers, or discounts; which is the unwanted outcome of a contract that requires continuous monitoring and/or manual price updates. TCPN can be sure your contract will continue providing competitive pricing, as we monitor our NAP for you. We conduct a quarterly analysis of our CDW•G advertised price compared to advertised pricing available from our competitors on a random market basket of over 20,000 products to ensure that we meet or beat the competition, on average. This discipline means that a contract structure built from CDW•G advertised is inherently more competitive than one built from another reseller or model.

The chart to the right displays three products comparing the applicable MSRP to CDW•G’s NAP model. The chart highlights the delta between the two indices and the savings missed with an MSRP price model.

As you can see, the discounts from CDW NAP do not look as aggressive as the 20% MSRP discount, but actually provide savings over \$314, nearly double the savings at the line item level.



While our NAP discount model is similar to a cost-plus structure in its dynamic nature, the NAP structure provides a clearer insight into cost savings to ensure that you are not leaving additional savings on the table. With a cost-plus structure, calculations are required every time you want to know the cost savings you are receiving. With NAP, TCPN members can easily compare our advertised price to the contract price (both conveniently displayed in their CDW•G Account Center for every available product).

To further increase savings to TCPN members, we propose discounts that align to our own internal catalog categories. This structure helps us provide deeper discounts where we can, instead of blanketing our catalog with a single conservative discount.

Our proposed discounts are communicated to our Sales Teams as a ceiling or “not to exceed” price. More often than not, our account managers are able to negotiate even further discounts with our vendor partners.

CDW•G Provides Two Price Offer Options

We are submitting two pricing offers. Both are inclusive of the 2% administrative fee and shipping. CDW•G offers an additional 2% discount beyond the applicable category discounts for all HP products on both offers.

The second offer is similar to our first offer, but we will only offer that pricing if we are the solely awarded national Value Added Reseller (VAR). We believe that CDW•G and TCPN can put a greater focus on our partnership with only one awarded VAR. We understand the benefit to TCPN of having local, HUB certified vendors on the contract and do not intend this offer to limit Region 4/TCPN’s ability to award them.

CDW’s return policy follows the price proposals. The whole catalog, including the Nationally Advertised Price and sole award contract pricing, can be found at www.cdwg.com/tcpn16-02. Please note that if TCPN chooses to award multiple vendors, the pricing on this website will change.

CDW•G Multi Source Offer				
Category	Class	Group	TCPN Discount from CDW-G Advertised Price*	TCPN Discount from CDW-G Advertised Price for HP Equipment*
Accessories			6.00%	8.00%
Power, Cooling & Racks			5.00%	7.00%
Power, Cooling & Racks	Rack mounting Equipment		4.00%	6.00%
Desktop Computers			3.00%	5.00%
Data Storage/Drives			5.00%	7.00%
Enterprise Storage			5.00%	7.00%
Point of Sale/Data Capture			4.25%	6.25%
Servers & Server Management			4.00%	6.00%
Services (CDW Delivered)			0.00%	2.00%
Notebook/Mobile Devices			2.10%	4.10%
Notebook/Mobile Devices	Notebook Computers	Chromebooks	0.00%	0.00%
Notebook/Mobile Devices	Notebook Computers	Desktop Replacement	0.00%	0.00%
Notebook/Mobile Devices	Apple Notebooks		1.50%	3.50%
Notebook/Mobile Devices	Convertible PCs/Slate PCs/iPAD		1.50%	3.50%
NetComm Products			3.00%	5.00%
Carts and Office Equipment			3.00%	5.00%
Printing & Document Scanning			3.00%	5.00%
Services (3rd Party Delivered)			3.00%	5.00%
Software			4.00%	6.00%
Collaboration Hardware			3.00%	5.00%
Memory/System Components			7.00%	9.00%
Video-Projection-Pro Audio			3.25%	5.25%
Video-Projection-Pro Audio	Projector Accessories		3.00%	5.00%
Video-Projection-Pro Audio	Projectors		3.00%	5.00%
Cables			15.00%	17.00%
Bundles, Books, Service Parts and Promotions			0.00%	0.00%

*CDW’s advertised price is a published, market-based price point for an individual item and reflects not only the cost of goods sold of the product but the value added of the product or service