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Using US Communities Can Save More than Money When Purchasing Structured Cabling Solutions



By Rick Sousa, RCDD

INTRODUCTION

U.S. Communities Government Purchasing Alliance™ (“U.S. Communities™”) is a nationwide purchasing cooperative designed to be a procurement resource for local and state government agencies, school districts (K-12), higher education and nonprofits.

Using US Communities can save organizations time and money over traditional purchasing practices when contracting for structured cabling solutions. It addresses specific issues facing organizations today: cost savings and price pressure and product standardization.

COST SAVINGS

The traditional bid process for products and services can be challenging for any size project. From a design perspective, the consultant has a number of challenges with each request for pricing with regard to the structured cabling solution. They are to; limit the variables, watch for substitutions or bid errors, clarify any areas where there may be confusion and to specify any client intent as they relate to products and services. Even with exacting detail and a solid, clearly written and checked document package – there will always be a price spread between response proposals.

To better understand this, one must understand that the balance between materials, labor and contractor’s mark-up on materials is variable. For example, in a traditional office environment the percentage of materials provided vs. labor installed is on average, 75% materials and 25% labor. Although this breakdown can vary due to a number of factors including contractor pricing aggressiveness, market conditions, and project complexity, systems furniture vs. office and cable count and type, these percentages show

that material costs and uplift represent the bulk of the price of a contractor’s response.

A REAL WORLD ANALYSIS

To better understand the cost savings that can be realized by utilizing US Communities as a buying vehicle, let’s take an actual project to review.

In 2008, a telecommunications project in North Carolina was put out to public bid and asked the contractors to provide miscellaneous materials and labor to implement the designed solution. In addition, they were provided a list of telecommunications materials purchased by the organization using US Communities. The cabling contractors were later surveyed regarding their responses and asked to provide some limited non-confidential data so the consultant could review the project as if it was bid in the traditional manor. These figures represent an accurate representation of the cost savings for this particular project.

For purpose of this example, the project size was a medium-large structured cabling project for 400 outlet locations with three category 6 cables to each, four telecom rooms and a copper and fiber optic backbone:

TRADITIONAL METHOD: \$195,000

Price \$195,000 – Materials: \$152,500 – Labor: \$42,500

USING US COMMUNITIES: \$149,000

Materials Cost using US Communities: \$101,000

Price from Contractor \$47,000

Materials: \$4,500 – Labor: \$42,500

Total County Savings: \$47,000 or nearly 24% over original Bid!

SOLUTION CONTROL

Another added benefit, besides the cost savings, is the ability to set a structured cabling solution standard enterprise-wide. This allows the Information Technology department some control of the quality and known performance at the physical layer, a chance to bring some of the unique feature/benefits of a particular product set and to have an extended warranty offered from that particular manufacturer.

LOWER MAINTENCE COSTS

Another cost, yet clearly seen as an operating soft cost is the impact of maintaining disparate cabling solutions. One of the many challenges for a facilities or information technology group is the lack of certainty regarding what product or range of products may be delivered when using the traditional bid process. Further, depending on the complexity of the bid and the design of the solution, the end-user may receive a delivered system with no historical data within the organization. Ongoing Day 2 support can prove challenging at best.

By taking control of the structured cabling - an organization can control both the products that are specified and the craft level that responds to the bid.

An example I cite often is a college in North Carolina with 16 buildings on campus with 9 different cabling and connector manufacturers' combinations, numerous warranties and no clear standard. The facilities department has an entire storage room filled with different faceplates, jacks and cable to match the myriad of solutions provided under the low-bid process. In their words, it is a complete support nightmare.

INITIAL CHALLENGES TO OVERCOME

There are some challenges faced by the organization when using the US Communities

method. The project manager or designer must be familiar with estimating cabling solutions and must be able to create a Bill of Materials to include with the Request for Pricing from the contractor. In addition, there must be a section of the contract with language to insure the contractor validates that the material quantities match his scope of work and the project can be completed with the materials provided. Finally, there is logistical planning needed to allow the contractor access to the purchased materials.

Is this a daunting task? Not really. This is easily accomplished by utilizing the services of a structured cabling consultant. On average, these services can be paid for out of the project architectural fees and can be cost justified by the savings incurred. Using a professional designer limits change orders, minimizes errors and provides for a successful project deliverable.

CONCLUSION

By implementing a US Communities purchasing initiative, local and state government agencies, school districts (K-12), higher education and nonprofits can save their organizations time and money over traditional purchasing practices when contracting for structured cabling solutions.

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