



E-rate

CMS State Master Contracts for E-rate Category 2 Services

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Topics

- E-rate State Master Contracts for E-rate Category 2
- E-rate Learnings from USAC Training

What is E-rate?

- Schools and Libraries program within Universal Service
- Administered by the Universal Service Administrative Company (www.usac.org)
- Provide subsidy to schools and libraries for telecommunications and broadband services
- Average subsidy is 70%. For poor rural schools, subsidy can be as high as 90% for category 1 services and 85% for category 2 services
- Subsidy level based on the poverty level of the school/library
- Federal Communications Commission (FCC) supports scalable broadband to all schools and libraries in the USA
- To check for eligibility, please see USAC information at www.tiny.cc/erate8

E-rate Categories

- E-rate category 1 refers to the services and equipment needed to get broadband to the school or library.
- E-rate category 2 refers to the services and equipment needed to implement broadband within a school or library, and supports the delivery of broadband to the student device.
- Formerly known as E-rate Priority 1 and Priority 2 services.
- For E-rate funding year 2016, 100% of both Category 1 and Category 2 requests were funded (for valid requests)
- I expect 100% of requests will be funded for Category 1 & 2 for funding year 2017

E-rate Category 1 & 2

- E-rate Category 1
 - Data Transmission and Internet Access Services
 - Voice Service

- E-rate Category 2
 - Internal Connections
 - Internal Broadband Services
 - Basic Maintenance

<http://www.usac.org/sl/applicants/beforeyoubegin/eligible-services-list.aspx> OR <http://tiny.cc/erate1>

E-rate Category 2

- Budget available for schools and libraries
- \$150 (pre discount) per student for schools over 5 years
- \$2.30 or \$5.00 per square foot for libraries over 5 years
- Currently available only during funding years 2015 – 2019 – the first year that an eligible school or library receives E-rate Program support will be the first year of its five-year funding cycle
- FAQ available at USAC website, at www.tiny.cc/erate5

CMS State Master Contracts

- In November 2015, CMS issued an RFP for equipment and services primarily eligible for E-rate category 2 support. (www.tiny.cc/erate6)
- CMS submitted a Form 470 with the RFP (www.tiny.cc/erate2)
- The RFP requested responses for:
 - Equipment and Associated Professional Services
 - Cable Installation and Verification Services
 - Managed Internal Broadband Services
- Multiple vendors responded. A bid evaluation was performed, and the selected vendors were:
 - CDW-G for Equipment and Associated Professional Services
 - Ficek for Cable Installation and Verification Services
 - Education Networks of America (ENA) for Managed Internal Broadband Services

CDW

- Vendors supported include
 - Adtran
 - Aerohive
 - American Power Conversion
 - Apple
 - Aruba
 - Barracuda
 - Brocade
 - Checkpoint
 - Cisco Systems
 - D-Link
 - Dell
 - Extreme Networks
 - Fortinet
 - Hewlett Packard Enterprise
 - Lenevo
 - Meraki
 - Meru
 - NEC
 - Netgear
 - Oracle
 - Palo Alto Networks
 - Ruckus
 - Tripplite
 - Watch Guard Technologies
 - Xirrus

CDW

CDW Overview

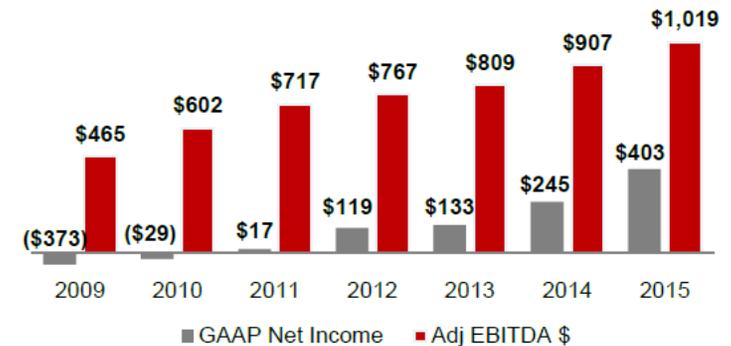


- Market-leading provider of integrated technology solutions to business, government, education and healthcare customers for 25+ years
- Based in Illinois, ~7,600 coworkers in North America and ~1,000 in the UK; ~2/3 are customer-facing
- Full range of hardware, software and services technology solutions
- Offers 100,000+ products and services from 1,000+ brands to more than 250,000 customers in the US, UK and Canada
- “Sweet spot” is customers with <5,000 employees
- Attractive business model with demonstrated track record of profitable growth

Net Sales (\$bn)



GAAP Net Inc. & Adj. EBITDA¹ (\$mm)



Strong ROIC: 45%²

CDW

Uniquely Positioned to Solve Customer and Vendor Partner Challenges



Value to Vendor Partners:

- ✓ More than 250,000 customers
- ✓ Large and established customer channels
- ✓ Strong distribution and implementation capabilities
- ✓ Customer relationships driving insight into technology roadmaps

Value to Customers:

- ✓ Broad selection of multi-branded IT solutions
- ✓ Value-added services
- ✓ Highly-skilled specialists and engineers
- ✓ Solutions across IT lifecycle

**CDW Sits Between Customers and Vendor Partners
Creating Value for Both**

Ficek

- Key services and materials include:
- Patch panels
- Patch cables
- Station cabling
- Fiber optic jumpers
- Fiber optic cabling – Single Mode, Multi Mode, Indoor, Outdoor, 6 – 288 strands
- Installation and Maintenance Services

Ficek

**E-rate - Category 2 - Internal Connections – Cable Installation
Master Contract CMS795325A
Form 470 #160006565**



**FICEK ELECTRIC
& COMMUNICATION SYSTEMS, INC.**

498 ID / SPIN # 143011159

Corporate Headquarters: 12 Gunia Drive, La Salle, IL 61301

Satellite locations: Chicago and Springfield

Website: www.ficekelectric.com

President: Jennifer Bias

For Erate Information Call: 815-224-5092

Or Email: erate@ficekelectric.com

Female Business Enterprise
BEP Program

Ficek

- Established in 1976 – Celebrating 40 years!
- Full service electrical, low voltage, security contractor specializing in Category 6 - 6A and fiber optic installations
- Providing design and build services for low voltage cable infrastructures
- Highly skilled technicians and management team specializing in projects of all sizes throughout the entire state of Illinois
- An established vendor with the state of Illinois also holding the statewide Telecommunications Installation and Support Master Contract

Company Overview

Education Networks of America (ENA)

- Key services and materials includes:
- Wireless design
- Installation and Implementation
- Ongoing monitoring, management and support
- Robust reporting and analytic tools
- ENA provided infrastructure includes Aerohive access points and Aerohive or Brocade switches
- ENA can operate and manage an existing network of Aerohive access points and all Aerohive switch models and most Brocade and Cisco switching equipment

Education Networks of America (ENA)



Education Networks of America

Delivering Services in **32** States

ENA Points of Presence

Connections to **INTERNET**



Large Wi-Fi Contracts

- Apple National ConnectED Initiative
- HP Maine Learning Technology Initiative
- Idaho Department of Education
- Mississippi Library Commission
- New Mexico Public School Facilities Authority
- North Carolina Department of Public Instruction
- Shelby County Schools
- Tennessee Education Broadband Consortium

Providing Broadband, Wi-Fi/LAN, Communication, Cloud Solutions



ONE out of every **14**

public school students and staff are served by ENA solutions

**Successfully Serving
6,000 + Sites Across America!**

 **550+**
School Districts

 **320+**
Library Systems

Education Networks of America (ENA)



"With ENA Air, I feel a sense of relief because I know that ENA will address any issues that arise. Their support is superior."

Diane Huerkamp, Mooresville Public Library,
Mooresville, IN

ENA Air Managed Internal Broadband Services

- A turnkey solution with seamless transition and ease of use
- Comprehensive, cost-effective solution delivering enhanced service and monitoring capabilities
- Custom design and complete installation and implementation services conducted by licensed personnel
- Ongoing monitoring and management and support for your entire ENA Air Wi-Fi service
- 24x7x365 Customer Technical Assistance Center providing a highly responsive, single point of contact and accountability as well as field support and on-site maintenance
- Access to robust and comprehensive reporting and analytics available online providing detailed insight into your Wi-Fi network
- A team dedicated and experienced in supporting K-12 schools and libraries

**Illinois CMS State Contract for
E-rate Category 2 Services**

E-rate Category 2 State Master Contracts

- State master contracts have been executed with each Vendor (www.tiny.cc/erate4).
- E-rate applicants, that are customers of ICN, can select equipment and services from the master contracts, without having to issue an E-rate form 470 (CMS has already issued the Form 470 and performed the bid evaluation)
- The Form 471 submitted by the applicant will reference the CMS issued Form 470 (Form 470 # = 160006565). The contract to be uploaded will be the state master contract.
- Alternatively, if the applicant has or is planning to issue a Form 470, the state master contracts can be used as an additional bid response
- The Vendors can assist the applicant in completing their Form 471

E-rate Category 2 State Master Contracts

- Recommended to have a purchase order or agreement with the Vendor prior to submitting your Form 471
- Enables to know the requested funding amount for the Form 471
- Pricing information and details of the materials and services available are within the state master contracts
- More detail on state master contracts can be found on the USAC website at www.tiny.cc/erate3

Mini Bid Requirements

- USAC rules state that a mini bid must be performed if the state awards contracts to multiple service providers
- CDW-G provides discounts off MSRP for multiple manufacturers
- A mini bid should be performed between equivalent products able to satisfy the needs of the applicant
- Applicant determines its evaluation factors with price being the most heavily weighted factor
- Example evaluation table at the USAC website at www.tiny.cc/erate7
- Applicant does not need to post a Form 470 to conduct a mini bid
- Per E-rate rules documentation must be kept for 10 years

Vendor Contact Information

- **CDW-G Libraries**
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 - michmus@cdwg.com
 - SPIN# 143005588
- **CDW-G K12**
 - Paul Yereb
 - 847-371-7612
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- **Ficek**
 - Jennifer Bias
 - President
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- **ENA**
 - Dan Whorton
 - Senior Account Service Manager
 - 615-312-6040
 - dwhorton@ena.com
 - SPIN# 143030857

Learnings from USAC Training

- Lowest Corresponding Price
- Applicants under Contract
- Requesting Bandwidth on your E-rate Form 470

Lowest Corresponding Price

- A service provider must offer the Lowest Corresponding Price (LCP), even if the applicant is already under contract with the service provider
- The LCP has to be offered to the service provider E-rate customers, if that price is offered to a similarly situated entity
- The applicant does not need to ask for the lower price or negotiate. It is the obligation of the service provider to provide the LCP, without prompting or a request from the school

Applicants under Contract

- If you're under contract with a service provider, and the contract allows "voluntary renewals", then the applicant can renew the contract on expiration of the initial term
- The renewal means another 470 is not required
- Maximum contract term is not defined, but cannot be infinite
- Illinois Century Network (ICN) contract will have voluntary renewals and will allow the applicant to upgrade bandwidth

Requesting Bandwidth on the E-rate Form 470

- Request pricing for the maximum bandwidth you will need and specify the increments
- You cannot upgrade to a bandwidth level not originally requested on your E-rate form 470
- For example, you could state in the narrative section of the Form 470 “Please provide pricing for the following bandwidth levels: 10Mb/s, 20Mb/s, 50Mb/s, 100Mb/s, 250Mb/s, 500Mb/s, 1Gb/s, 2Gb/s, 4Gb/s, 10Gb/s, 15Gb/s, 20Gb/s, 25Gb/s.

Additional Material

Additional Material – From the E-rate Funding Year 2016 Eligible Services List

E-rate Category 1

<http://www.usac.org/sl/applicants/beforeyoubegin/eligible-services-list.aspx> OR <http://tiny.cc/erate1>

Data transmission services and Internet access

Digital transmission services and Internet access are eligible in Category One. These services include:

- Asynchronous Transfer Mode (ATM)
- Broadband over Power Lines
- Cable Modem
- Digital Subscriber Line (DSL)
- DS-1 (T-1), DS-3 (T-3), and Fractional T-1 or T-3
- Ethernet
- Integrated Services Digital Network (ISDN)
- Leased Lit Fiber
- Dark Fiber
- Self-Provisioned Broadband Networks
- Frame Relay
- Multi-Protocol Label Switching (MPLS)
- OC-1, OC-3, OC-12, OC-n
- Satellite Service
- Switched Multimegabit Data Service
- Telephone dial-up
- Wireless services (e.g., microwave)

Notes: (1) E-rate support is available for leased lit fiber, dark fiber, and self-provisioned broadband networks as described in the *Second E-rate Modernization Order* (FCC 14-189). Eligible costs include monthly charges, special construction, installation and activation charges, modulating electronics and other equipment necessary to make a Category One broadband service functional (“Network Equipment”), and maintenance and operation charges. Network Equipment and maintenance and operation costs for existing networks are eligible. All equipment and services, including maintenance and operation, must be competitively bid.

(2) Applicants that seek bids for special construction of dark fiber or self-provisioned broadband networks must also seek bids for lit fiber service and fully consider all responsive bids.

(3) Applicants may seek special construction funding for the upfront, non-recurring costs for the deployment of new or upgraded facilities. The eligible components of special construction are construction of network facilities, design and engineering, and project management.

(4) Staff salaries and labor costs for personnel of the applicant or underlying beneficiary are not E-rate eligible.

Eligible voice services.

Eligible voice services are subject to an annual 20 percentage point phase down of E-rate support beginning in FY 2015, as described in the *E-rate Modernization Order*. For FY 2016, the effective reduced discount rate will be 40 percentage points. The reduced discount rate for voice services will apply to all applicants and all costs for the provision of telephone services and circuit capacity dedicated to providing voice services including:

- Centrex
- Integrated Services Digital Network (ISDN)
- Interconnected voice over Internet protocol (VoIP)
- Local, long distance, and 800 (toll-free) service
- Plain old telephone service (POTS)
- Radio loop
- Satellite telephone service
- Shared telephone service (only the portion of the shared services relating to the eligible use and location may receive discounts)
- Wireless telephone service including cellular voice and excluding data and text messaging

E-rate Category 2

Eligible Broadband Internal Connections

- Access points used in a local area network (LAN) or wireless local area network (WLAN) environment (such as wireless access points)
- Antennas, cabling, connectors, and related components used for internal broadband connections
- Caching
- Firewall services and components separate from basic firewall protection provided as a standard component of a vendor's Internet access service.
- Switches
- Routers
- Racks
- Uninterruptible Power Supply (UPS)/Battery Backup
- Wireless controller systems
- Software supporting the components on this list used to distribute high-speed broadband throughout school buildings and libraries

Notes: (1) Functionalities listed above that can be virtualized in the cloud, and equipment that combines eligible functionalities, like routing and switching, are also eligible.

(2) A manufacturer's multi-year warranty for a period up to three years that is provided as an integral part of an eligible component, without a separately identifiable cost, may be included in the cost of the component.

(3) Caching is defined as a method that stores recently accessed information. Caching stores information locally so that the information is accessible more quickly than if transmitted across a network from a distance. A caching service or equipment that provides caching, including servers necessary for the provision of caching, is eligible for funding.

Eligible Managed Internal Broadband Services

- Services provided by a third party for the operation, management, and monitoring of eligible broadband internal connections are eligible managed internal broadband services (e.g., managed Wi-Fi).
- E-rate support is limited to eligible expenses or portions of expenses that directly support and are necessary for the broadband connectivity within schools and libraries. Eligible expenses include the management and operation of the LAN/WLAN, including installation, activation and initial configuration of eligible components, and on-site training on the use of eligible equipment.
- In some eligible managed services models, the third party manager owns and installs the equipment and school and library applicants lease the equipment as part of the managed services contract. In other cases, the school or library may own the equipment, but have a third party manage it for them.

Basic Maintenance of Eligible Broadband Internal Connections

E-rate support is available for basic maintenance and technical support appropriate to maintain reliable operation when provided for eligible broadband internal connections.

The following basic maintenance services are eligible:

- Repair and upkeep of eligible hardware
- Wire and cable maintenance
- Configuration changes
- Basic technical support including online and telephone based technical support
- Software upgrades and patches including bug fixes and security patches

E-rate Category 1 & 2 - Miscellaneous

Fees

Fees and charges that are a necessary component of an eligible product or service are eligible including:

- Change fees
- Contingency fees are eligible if they are reasonable and a regular business practice of the service provider. Contingency fees will be reimbursed only if the work is performed.
- Freight assurance fees
- Lease or rental fees on eligible equipment
- Per diem and/or travel time costs are eligible only if a contract with a vendor for the eligible product or services specifically provides for these costs
- Shipping charges
- Taxes, surcharges, and other similar, reasonable charges incurred in obtaining an eligible product or service are eligible. This includes customer charges for universal service fees, but does not include additional charges for universal service administration.

Installation, activation, and initial configuration

Installation, activation, and initial configuration of eligible components are eligible. These services may include:

- Design and engineering costs if these services are provided as an integral component of the installation of the relevant services
- Project management costs if these services are provided as an integral component of the installation of the relevant services
- On-site training is eligible as a part of installation services but only if it is basic instruction on the use of eligible equipment, directly associated with equipment installation, and is part of the contract or agreement for the equipment. Training must occur coincidentally or within a reasonable time after installation.



Thank you