



Division of IT Operating Cost Comparison –Ten Year Projection:

Year	Cost (State Model)	Cost (MSP Model)	Savings
Year 1 (FY27)	\$166,930,754.90	\$141,913,045.97	\$25,017,708.93
Year 2 (FY28)	\$173,126,073.74	\$141,270,107.61	\$31,855,966.14
Year 3 (FY29)	\$179,578,610.56	\$143,839,011.93	\$35,739,598.63
Year 4 (FY30)	\$186,300,248.76	\$144,231,327.70	\$42,068,921.06
Year 5 (FY31)	\$193,303,592.89	\$143,856,465.41	\$49,447,127.48
Year 6 (FY32)	\$200,601,897.55	\$143,959,169.38	\$56,642,728.17
Year 7 (FY33)	\$208,209,103.17	\$145,102,920.10	\$63,106,183.07
Year 8 (FY34)	\$216,139,873.87	\$146,802,873.03	\$69,337,000.83D
Year 9 (FY35)	\$224,409,637.55	\$149,194,506.68	\$75,215,130.87
Year 10 (FY36)	\$233,034,628.18	\$151,813,500.86	\$81,221,127.33
10 Year Total	\$1,981,634,316.17	\$1,451,982,823.68	\$529,651,492.51

	Total MSP Contract Cost						
	Year 1 - 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
AWS	\$36,937,382	\$8,786,517	\$8,741,017	\$8,650,017	\$8,650,017	\$8,650,017	\$80,414,967
CGS	\$202,514,736	\$30,146,268	\$28,287,396	\$26,923,740	\$26,056,536	\$25,309,104	\$339,237,780
TOTAL	\$239,452,118	\$38,932,785	\$37,028,413	\$35,573,757	\$34,706,553	\$33,959,121	\$419,652,747

A driver of the projected savings is the anticipated inflationary increases in IT hardware costs should the State of Iowa choose to continue replacing IT hardware on its own. The State of Iowa calculated an inflation rate for IT hardware components at 6% annually. This figure is based on the Producer Price Index by Industry: Computer and Electronic Product Manufacturing (PCU334334, US BLS Statistics via FRED) which shows an increase of 12.3% from April 2025 (105.246) through April 2026 (118.143). The State of Iowa divided that inflationary increase in half for a conservative appraisal of future year IT hardware inflation, arriving at a figure of 6% to estimate increases in IT hardware replacement costs in future years should the contracts with AWS/CGS not be executed.