

**Managed Service Provider Model– Year One Cost Comparison**

<b>Services</b>	<b>FY27 current</b>	<b>FY27 With MSP</b>
DoIT Services	\$118,192,898.21	\$80,276,995.77
Enterprise Software Licenses	\$9,154,378.58	\$9,154,378.58
Hardware	\$39,583,478.11	\$909,440.00
AWS Services		\$2,391,374.61
Cognizant Services		\$49,180,857.01
<b>Total</b>	<b>\$166,930,754.90</b>	<b>\$141,913,045.97</b>
<b>Total Savings Year One</b>		<b>\$25,017,708.93</b>

**Managed Service Provider Savings –Ten Year Projection:**

Year 1 (FY27)	\$25,017,708.93
Year 2 (FY28)	\$31,855,966.14
Year 3 (FY29)	\$35,739,598.63
Year 4 (FY30)	\$42,068,921.06
Year 5 (FY31)	\$49,447,127.48
Year 6 (FY32)	\$56,642,728.17
Year 7 (FY33)	\$63,106,183.07
Year 8 (FY34)	\$69,337,000.83
Year 9 (FY35)	\$75,215,130.87
Year 10 (FY36)	\$81,221,127.33
<b>10 Year Total</b>	<b>\$529,651,492.51</b>

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.