



**Department of General Services  
Procurement Division**

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**Broadcast Date: August 1, 2025**

**Bulletin #: P-06-25**

**TO: Purchasing Authority Contacts (PACs)  
Procurement and Contracting Officers (PCOs)**

**RE: Cloud Computing Software as a Service Procurement Policy and Procedures**

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Purpose	This Broadcast Bulletin (BB) provides updated procurement policy and procedures for cloud computing software as a service (SaaS) including commercial off-the-shelf (COTS) SaaS purchases.
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Policy	Effective immediately, the following is applicable when purchasing SaaS that does not include any contracted personnel (e.g., training, consulting, personal services, etc.):
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**1. Contract Form**

Use of the [STD 213 Standard Agreement](#) is no longer required; use of the following contract forms are permissible:

- Financial Information System for California (FI\$Cal) Purchase Order (PO)
- [Purchasing Authority Purchase Order \(STD 65\)](#) for FI\$Cal deferred and exempt departments only

**2. Outsourcing Justification**

The [Government Code 19130](#) outsourcing justification is not required.

**3. Agreement Summary**

The [STD 215 Agreement Summary](#) is not required.

**4. Statement of Work**

The Statement of Work (SOW) remains a requirement, regardless of the acquisition method, and must be incorporated.

The SOW may include contractor's Service Level Agreements (SLAs); however, the SLAs must not contain contract terms/provisions that conflict with the state's standard general provisions or, when applicable, provisions

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in a DGS Leveraged Procurement Agreement (LPA).

## **5. Contract Terms**

The Cloud general provisions must be incorporated by reference; it is prohibited to agree to a contractor's added contract terms that conflict with these provisions:

**Department of General Services Procurement Division, [INFORMATION TECHNOLOGY - GENERAL PROVISIONS CLOUD - COMPUTING SERVICES, DGS PD 402-ITGP \(Cloud\)](#)**

Except in instances where the Cloud general provision contains "Unless otherwise specified in the Statement of Work" (or similar phrase), these modifications can be made without DGS approval.

Contact your department's assigned specialist or [PAMS@dgs.ca.gov](mailto:PAMS@dgs.ca.gov) with questions about how to apply these provisions appropriately.

## **6. Contract Terms - Leveraged Procurement Agreements**

When executing contracts using a DGS LPA, the contract terms have already been negotiated and therefore contracts must incorporate the LPA by reference. It is prohibited to agree to a contractor's added contract terms that conflict with the LPA provisions.

Review the LPA User Instructions for additional guidance and contact the noted LPA administrator for questions.

## **7. Written Offer and Acceptance**

COTS SaaS purchases executed using an acquisition method that does not require a solicitation are exempt from the requirement to create a solicitation for the purpose of obtaining a written offer and acceptance of the state's general provisions. All other requirements in State Contracting Manual (SCM) Vol. 2 Section 1508 remain applicable.

## **8. Contract Classification**

The contract classification type for SaaS purchases is:

Information Technology (IT) Service

## **9. Bundled Services**

A combination of contracted personnel services (e.g., training, consulting, personal services, etc.) with SaaS are not allowed under this streamlined procurement process.

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Background	These changes and clarifications support DGS customers by reducing time and simplifying the procurement process for SaaS purchases. These changes will also address recent requests to modify the Cloud general provisions.
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Procedure/ Process	Adhere to pre-procurement requirements including California Department of Technology (CDT) policy.
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Confirm procurement authority; SaaS transactions RELATED to Non-Delegated Information Technology (IT) Projects are subject to CDT's IT project procurement authority (see referenced policy in [BB P-10-18](#) Information Technology (IT) Project Procurement Authority – 2018 Legislation).

DGS offers flexible purchasing options for SaaS; adhere to applicable acquisition method (e.g., Software License Program, Fair & Reasonable, Small Business Option, etc.) for guidance about advertising, competition, and file documentation.

Update and implement internal policy and procedures to reflect the changes and clarifications.

SCM, Vol. 2, will be updated on August 15, 2025, as follows:

- Section 1002.1 – Cloud Computing – Software as a Service  
*Change: This section is new and includes the updates noted in this BB explaining how to make these purchases.*
- Section 1507 – New Proprietary Software and Existing Proprietary Software Maintenance/Upgrade Renewals  
*Change: Added exception and references to Sections 1002.1 and 1803.1.*
- Section 1508 – Procurement Approach for Exempt and NCB Contract Activities  
*Change: Added exception and reference to Section 1002.1.*
- Section 1803 – Purchase of Services  
*Change: Added reference to 1803.1.*
- Section 1803.1 – Purchase of Cloud Computing – Software as a Service  
*Change: This section is new and clarifies which contract forms are permissible for SaaS purchases.*

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Questions	Please email <a href="mailto:PAMS@dgs.ca.gov">PAMS@dgs.ca.gov</a>
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