



The University of California

CELEBRATING OUR **10**TH YEAR

BUSINESS OFFICER INSTITUTE

Opening Comments



Anne Broome

Vice President – Finance

Office of the President

The University of California

BUSINESS OFFICER INSTITUTE

The University of California In Context

Number of Students

Undergraduate	163,300
Graduate	<u>51,000</u>
Total Students	214,300

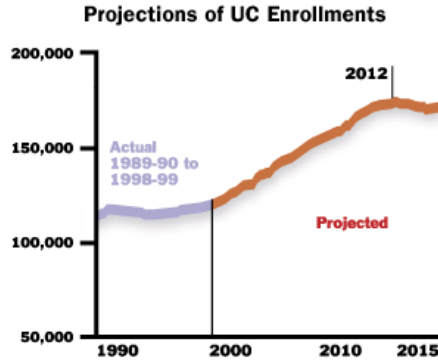
Faculty and Staff

Academic Titles	45,600
Staff Titles	<u>81,400</u>
Total Faculty, Staff	127,000

Operating Expenditures

Annual	\$18,724,000,000
Monthly	\$1,560,000,000

The University of California... We are Large and Growing



Projection
Adding 60,000
students and
7,000 faculty
by the year
2010

The Business Officer's world...



University of California Overall Financial Position (\$ in millions)

<http://www.universityofcalifornia.edu/finreports>

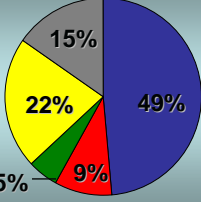
	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Change from Fiscal 2006</u>
Total Assets	\$ 41,075	\$ 37,249	\$ 3,826
Total Liabilities	<u>18,671</u>	<u>16,849</u>	<u>1,822</u>
Net Assets	\$ 22,404	\$ 20,400	\$ 2,004

Financial Results *Operating Revenues and Expenses* (\$ in millions)

Operating Revenues

	<u>June 30, 2007</u>	<u>Change</u>	
Student Tuition and Fees	\$1,738	6.7%	
Grants and Contracts	4,316	4.2	
Med Ctrs, Educ Act, Aux Ent	6,788	8.3	
DOE Laboratories	2,188	2.1	
Other Revenues	435	35.1	
Total Operating Revenues	\$15,465	6.1	

Operating Expenses

	<u>June 30, 2007</u>	<u>Change</u>	
Salaries and Benefits	\$10,313	6.3%	
Supplies and Materials	1,910	7.0	
Depreciation and Amortization	1,049	4.4	
DOE Laboratories	2,170	2.1	
Other Expenses	3,282	8.1	
Total Operating Expenses	\$18,724	5.6	

A Business Officer's Key Role: Steward of the Public Trust



Business Officer Challenges



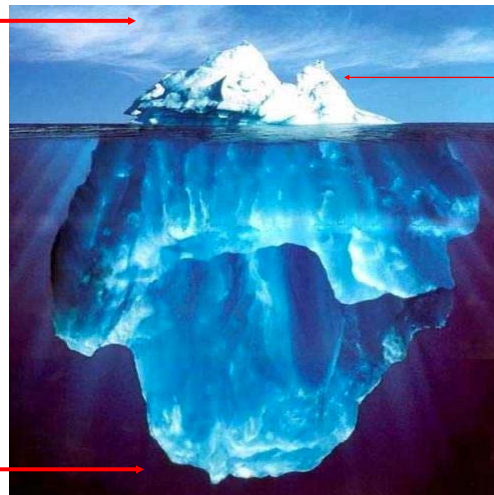
Strategic Sourcing DEFINITION

- A disciplined process to reduce the **total cost** of purchased products and services by fully leveraging the University's combined purchasing power, without compromising quality.

An In-Depth Approach

Strategic Sourcing

- Total Cost Evaluation
- Volume Concentration
- Process Improvement
- Supplier Performance
- Contract Compliance
- Demand Management
- E-Procurement
- Customer Satisfaction
- Rigorous Analytics



Purchasing

Systemwide Sourceable Spend

- Estimated Annual Sourceable Spend:
\$1.3 - \$2.0 billion
- Projected Savings Potential:
\$145 - \$217 million

Strategic Sourcing Initiatives Update (\$ in ,000)

	Number of Agreements	Estimated Annual Spend	Estimated Annual Savings
Completed (e.g. Office Supplies, Office Furniture, Scientific Supplies, IT Hardware and Software)	53	\$350,600	\$47,000
In Progress (e.g. Travel, Life Sciences, IT Networking and PCs)	<u>40</u>	<u>360,300</u>	<u>33,900</u>
Total	93	\$710,900	\$80,900

CONNEXXUS

The University of California Travel Program

- Overarching purpose of Connexus:
 - Consolidate travel spend across all locations
 - Negotiate deep discounts with preferred suppliers
 - Enable travelers to take advantage of these discounts through a suite of convenient reservation options
- Focus on adopting best practices and ensuring customer satisfaction

Connexus Contracts

- Airlines
 - American Airlines, United Airlines
- Hotels
 - Wyndham Hotels, Starwood Hotels, Marriott Hotels
- Rental Cars
 - Hertz, Enterprise/National
- Agency Providers
 - BCD Travel, UC Travel Center, Orbitz for Business
 - CliqBook and Get There on-line booking systems

Connexus Savings Estimates

- After implementation of contracts for agency providers, rental cars, hotels and airlines, we estimate the following savings:
 - \$9.2 million projected savings year one
 - Assuming 50% adoption rate
 - \$12.6 million projected savings year two
 - Assuming 60% adoption rate
 - \$16.8 million projected savings year three
 - Assuming 70% adoption rate

Thank you!



**And enjoy the
Business Officer Institute**