Impact Report

Procurement Working for You

December 2017

Produced by UC Procurement Services
Dear Colleague,

Each year, just over 300 University of California procurement professionals partner with fellow administrators, faculty and students to purchase over $8 billion in goods and services in support of our institution’s missions of teaching, research and public service. While the procurement team’s mission begins with *meeting the needs of our clients*, we also strive to deepen our relationships and expertise to serve as a high performing strategic partner. We aim to *expand opportunities* for the University by leveraging the power of our collective spend and lowering total cost of ownership, redirecting resultant savings to support the University’s core missions.

Join me in recognizing our clients and team members who model the way every day with their spirit of service, collaboration, and strategic problem solving to deliver great results and value.

On behalf of all of our team members, we thank you for your engagement and partnership and look forward to our continued success.

*William M. “Bill” Cooper*

Associate Vice President and Chief Procurement Officer

The following are highlights of recent UC Procurement initiatives that model the team’s mission and strategic objectives by *delivering savings and efficient procurement services* to help expand opportunities for teaching, research and public services.

- **UC Davis Custom P-Card Program for Dining Services**
- **UC Santa Cruz Washer and Dryer Services**
- **UC Systemwide Building Management Systems (BMS) Parts and Services**
- **UC Santa Barbara Athletic Apparel**
- **UC San Diego Next Gen Electronic Research Admin System: Kuali Research**
- **UC Davis Administrative Computer Standards**
- **UC Santa Barbara Bit Error Rate Test (BERT) System**
- **UC Santa Barbara Campus Pool Chemicals**
- **UC Berkeley Golden Bear Orientation**
- **UC Santa Barbara Bren School – CLiCC Website**
- **UC San Francisco Gift Cards**
Opportunity

After assuming all campus food service management activities, UC Davis Dining services sought ways to streamline their business processes. Looking at UCSD’s specialized card program model, UCD saw an opportunity to create a process to maximize efficiencies, reduce costs, and increase incentive revenue for the campus.

Approach

Supply Chain Management team members held numerous discussions on how they could use specialized cards for administrative departments as a way to increase card program spend. The purpose of the process is to provide a streamlined solution for Dining Services by offering the department specialized high limit Procurement Cards in order to do purchasing from specified suppliers. Users of the custom P-card include UCOP system wide suppliers, suppliers who have an existing purchase agreement, and suppliers who have won an RFP to do business with Dining Services. Payments are only made on the custom P-card for purchases placed through the approved menu management system (Eatec).

Results

- **System Efficiencies** - More efficient way of placing orders. No longer necessary to process timely invoice payment transactions. Suppliers receive payments faster than through traditional check or ACH settlement.
- **Incentives** - Generates increased credit card incentives for the campus
- **Cost savings** - In the first 8 months of the initiative, Dining Services had $1M in card spend generating over $20,000 of incentives.
- **Future spend opportunities** - Potential opportunities to customize card solutions for other departments on campus.

Total Estimated Benefit: $2-3M, generating $40,000-60,000 P-card incentives
Opportunity
For several years UC Santa Cruz has had a supplier under contract to provide washer and dryer services for students. The contract was on its last renewal period and there appeared to be a prime opportunity to compete the requirement and obtain a better deal. The program is operated under the direction of Colleges, Housing and Educational Services (CHES). UCSC was hoping to achieve increased revenue along with more modern equipment.

Approach
Procurement Services met several times with the campus client in order to determine the best procurement and contracting strategy. Through early collaboration, the project team was able to thoroughly develop the RFP requirements, including the implementation of an updated payment system. The University reached out to all known suppliers in this market, and received proposals from the three providers that could meet UCSC’s requirements. Through a best and final offer (BAFO) process, Procurement Services was able to secure an improved revenue share arrangement with a tiered structure; the higher the annual revenue, the greater percentage for UCSC. Based on the estimated volume, the University will receive just over $400,000 per year, which is an increase of nearly 30 percent.

Results
• **Increased collaboration** - Enhanced partnership between Procurement and CHES
• **State-of-the-art laundry equipment** - Improved laundry equipment for student use including smart phone notifications when load is finished
• **Improved supplier reporting** - Includes reports on weekly usage and equipment down time
• **Increased revenue** - Totaling over $4 million over next 10 yrs
• **Improved sustainability** - Includes energy efficient equipment, increased recycling, and reduced emissions

**Total Benefit $4.1M**
Opportunity

Every UC campus works individually with proprietary and non-proprietary vendors in an attempt to integrate building and systems. Through analysis, we discovered that vendors were creating their own pricing structure for each customer, which varied greatly between campuses, and even its Health System neighbor (which at times is on or near a campus). There was opportunity to find a systemwide solution.

Approach

UC conducted an RFx event for all BMS Parts and Services, where each vendor/manufacturer proposed best rates and a consistent labor and parts pricing structure for specific campus locations. The objective was to obtain the best pricing for each campus through systemwide agreements that considered the differences in prevailing wage between campus. UC ultimately selected BMS for its amount of available products with discounted pricing and service proximity to all UC locations.

Client Quote

“The value these contracts will deliver is significant, as they will help enhance our partners' standing in their industry. Kudos to Adrian Ferreira for having the vision, the background, and the tenacity to craft an impressive set of contracts on behalf of all UC campuses.” – Chris Flanders - Energy Manager UCR

Results

- **Cost reduction** – Reduced labor rates and enhanced material discounts. Overall contract savings of $3.8M.
- **Cost avoidance** – No Fuel/Truck charges for UC System on scheduled services. Annual increase no longer a standard on agreement, validation required based on market conditions. Max increase annually 3%.
- **Price Transparency** – Harmonized pricing throughout UC System (Campus/Health System). Best rate/discount of either location will become the new local rate.
- **Incentives** – Early payment discounts, growth incentives, volume rebates, volume material discounts, group training discounts.
- **Options** – Customers now have the option to purchase through direct manufacture or 2 contracted large distributors.
- **Integration** – Suppliers will have a hosted catalog and/or punch-out option in our e-procurement systems.

Total Benefit: $3.8M
Opportunity

In January 2017, UCSB Athletics faced a dilemma. The former supplier would not renew our apparel contract due to a disagreement over UC policy. Additionally, the department was well past deadline for ordering new equipment for Fall Sports. Two of the largest competitors in the market lined up with quotes for supply—however, the yearly department spend exceeded “direct negotiation” thresholds and sent this effort to a formal bid.

Approach

Procurement Services was engaged to guide the process of sourcing a new apparel provider well before the idea of a formal RFP was entertained. Using the earlier direct quotes, a multi part bid was staged that saw each supplier come twice to the negotiating table. The suppliers met with teams and coaches and explained their online ordering tools/catalogs to the department staff during a full day of product demos. The award was presented to an established apparel provider, who had worked with the campus years earlier and is excited about the renewed relationship.

Results

- **Cost savings** - Transactional savings of approx. $350K per year, averaged across the initial 5 year term
- **Cost Avoidance** - Additional cost avoidance of nearly $123K over each of these years
- **Product allowances** - The total benefit included additionally negotiated product allowances (free gear) for the largest of the team programs, including soccer, volleyball and men’s baseball

Total Benefit: $2.35M
Opportunity

A key goal of UC San Diego’s Strategic Plan is to create an agile, sustainable, and supportive infrastructure to facilitate research. An essential tool required to support this goal is the enterprise contract and grant system, currently delivered through the Coeus Consortium for shared development. In use since 2002, it is the official institutional repository of all submitted sponsored research proposals and awards for the campus.

UCSD utilizes three Coeus modules: Institute Proposal (IP), Award (A) and most recently deployed throughout the campus, Electronic Proposal Development (ePD). The time came to select the next enterprise system to support sponsored research contract and grant management needs, which were being managed through the Coeus IP and Award modules.

Approach

Working with several departments on campus (including the Office of Contract and Grant Administration and the Health Sciences Sponsored Project Pre-Award Office), Integrated Procure-to-Pay Solutions’ Strategic Procurement issued a multi-stage RFP. The three highest-scoring finalists of the seven proposals were invited to present their software solutions in-person. The evaluation committee was also able to experience the potential solutions first-hand via a sandbox environment that bidders provided as part of their RFP response. Kuali, Inc. was determined to be the best value awardee as a result of the RFP and would provide a seamless transition.

Results

- **Collaboration** - Fostered relationships with departments across campus that manage sponsor research contracts and grants
- **Cost savings** - $1.7M cost savings over a 7 year period based comparison with other competitive bids
- **Cost avoidance** - Annual software support/maintenance fees will be held with 0% increase throughout the entire contract term

**Total Benefit:** $1.7M over 7 years

Team: Bryan Hurley & Mary Chiu, IPPS; Elizabeth Meier & Steven Carter, Scripps Institution of Oceanography; Erika Wilson & Rachel Cook, Health Sciences Sponsored Project Pre-Award Office; Jason DeFay & Tony Lashley, Electronic Research Administration Program; Jennifer Ford, Office of Clinical Trial Administration; Linda Collins & Ross Dammann, Office of Contract and Grant Administration; Marissa Yessis, Office of Post Award Financial Services; Sandon Jurowski, IT Services
Opportunity

UC Davis’s history of decentralized IT across campus, has contributed to ~200 makes/models of computers in use. Without the implementation of campus-wide administrative computer standards, departments are left on their own to make improvements, often leading to missed opportunities for savings on initial purchase price and ongoing support, slower issue time-to-resolution metrics and increased exposure to cyber threats.

Approach

This project established goals of creating computing standards that would meet the needs of at least 80% of the administrative population and of creating a coordinated and centralized procurement method. Through an iterative and collaborative process with the IT community, computing standards for PC laptops and desktops were agreed upon.

Client Quote

“This new program now enables campus departments to not only save money on the initial unit purchase price, but also to leverage the benefits that come with a more uniform computing environment, including the efficient deployment of system patches which reduces the risk of cyber security threats.”

– Hampton Sublett, Director Financial Sustainability

Results

• Reduced price- 34% lower cost than previously contracted pricing on Standard units
• Cost savings- $450,000 in savings in the four months of the program which was calculated on actual purchases with reduced pricing
• Risk reduction- Reduced risk of cyber security threats

Total Benefit $450,000
Opportunity

Electrical and Computer Engineering (ECE) originally initiated the bid process in search of a high-speed arbitrary waveform generator system. The department chose to do a private bid, but during the process discovered that there was another vendor who could offer an alternate solution for their research that would allow a more complex and cost effective configuration from the original bid specifications. The new configuration was inclusive of the arbitrary waveform generator, with the addition of several other features.

Approach

Due to the language in the RFQ, the department was able to pull out and initiate a new, successful bid for the new solution. ECE was able to work with a vendor to purchase a system that surpassed their original needs. This would not have been possible without the assistance of procurement to facilitate the cancellation of the original bid, and initiation of a new bid. Substantial savings were identified between the awarded vendor and the only other bidder’s solution.

Client Quote

“Thanks for all the help on the AWG bid and for being understanding of our changing situation.” - Clint Schow, Electrical and Computer Engineering, UCSB

Results

- **Cost reduction**: Equipment savings of approx $467K plus tax benefit of $21K
- **Collaboration**: Successful communication between department, procurement, initial vendor for AWG, BERT system vendor, UCSB risk management and vendor’s legal team enabled a smooth and successful purchase

**Total Benefit**: $488,174
UC Santa Barbara Campus Pool Chemicals

Team: Chris Kelsey, Facilities Management; Ernesto Villegas, Housing, Dining & Auxiliary Enterprises; Calli Price, Procurement Services

Opportunity

Having just seen the local county and school districts go out for pool chemical bids, UCSB decided to combine their $23,000 annual spend in the category with Housing (now referred to as HDAE) and Facilities Management. UCSB has a total of six pools currently being serviced with delivered liquid chemical and three pools being manually maintained, and uses over 71,000 gallons of chlorine and 24,000 gallons of acid per year. By combining contracts for support of all six pools, there was an opportunity to reduce freight costs and coordinate deliveries.

Approach

The approach we took was to contract with one value-driven supplier to eliminate transportation fees, consolidate purchases across campus, and coordinate delivery schedules. The existing supplier was charging a transportation fee with each delivery to each pool. By eliminating the ability to charge the fee, and by requiring the awarded supplier to coordinate deliveries with all the pools on campus, we achieved both cost and emissions reduction on campus.

Results

• **Cost reduction** - $35,800 per year savings based on consolidated volume
• **Cost elimination** - Eliminated the cost of transportation fees altogether
• **Sustainability** - Combined deliveries on campus to reduce emissions

Total Benefit $179,334 over 5 years
Opportunity

In past years, UCB has hosted multiple summer orientations for incoming students creating complicated logistics. This year, UCB decided to take a new approach, welcoming all new students for one week-long orientation immediately preceding fall semester. Thousands of students and orientation leaders needed supplies, evening activities, and food provided in quantities that campus dining infrastructure could not handle.

Approach

Golden Bear Orientation (GBO) staff approached Business Operations and the Student Affairs Purchasing Team to assist with the project. Procurement staff Norma Jones and Delia Pagdanganan, ran a bid that saved GBO thousands of dollars. The team secured food trucks to provide tasty meals, which was negotiated at lower cost than other off-campus options while still accommodating student dietary restrictions. Along with the team, they worked on multiple contracts and accommodated a last minute rush agreement that enabled UC Berkeley to attain a new Guinness World Record.

Client Quote

“I want to thank each and every one of you for all your dedicated, hard, and tireless work to ensure the success of our first Golden Bear Orientation. You are the unsung heroes of this orientation. It’s great to know we can count on you for such amazing work.

-Chrissy Roth-Francis, Director of New Student Services

Results

• **Cost reduction**—The selected food trucks provided 27,000+ versatile meals at reduced cost of approx. $164K
• **Collaboration**—New collaboration between Student Affairs Business Operations teams, Golden Bear Orientation staff, and campus procurement
• **Expanded program**—Enabled low income, international and out-of-state students who may not have been able to join under the previous summer orientation model, to attend
• **Enhanced student connections**—Created lasting memories and more effective connections between new students and between students and campus
• **Positive PR**—UC Berkeley gained world recognition for its orientation attendance by setting a Guinness World Record for formation of the largest human letter

Total Benefit: $164,190
Opportunity

The Bren School at UCSB presented a unique opportunity to bid out professional services in order for a vendor to create a website and the back-end calculation infrastructure for a chemical life cycle program. The CLiCC tool system will evaluate life-cycle impacts for chemicals and materials at an early stage of the chemical product development process, when the precise manufacturing routes and fates of the products are still uncertain.

Approach

Given the unique character of the services, we needed to find a vendor that could provide both computational expertise to build the calculation tool on the back-end, and build an effective and attractive cosmetic website interface. After meeting s with the CLiCC team for nearly one year, our specifications and bidder requirements were clear for posting. We had 8 vendors at the pre-bid conference, and finished the bid with negotiation between two very adept suppliers.

Client Quote

“The bid process went very well. This was my first time ever involved in such a process and working with Procurement was a pleasure as they helped us with each step of the process to make sure everything went smoothly.” - Dingsheng Li, Bren School

Results

- **Cost reduction** - Saved $108,610 after negotiation with the suppliers
- **Collaboration** - New collaboration with a unique and highly specialized group of experts on campus

**Total Benefit: $108,610**
Opportunity

UC gift card purchases are governed by policy requirements. An internal UCSF department at one time played a large role helping facilitate campus purchases through resale. However, with high administrative and recharge costs, the program was discontinued. This has driven UCSF employees to purchase gift cards through many less-controlled channels, and has left Accounts Payable and Supply Chain Management with the challenging task of auditing and maintaining gift card policies.

On a low estimate, UCSF spends about $800,000 annually on gift cards in roughly 700 transactions. Strategic implementation of a gift card program would greatly reduce employee time, transactional costs, and risk to the University. The gift cards are used for any number of items allowed by UC policy, including:

- Employee Recognition
- Service Awards/Retirement
- Patient and Research Subjects
- Incentive/Prizes

Approach

UCSF Supply Chain Management and Accounts Payable ran an RFP to stand up a punch-out ecommerce catalog with a gift card provider. Driving campus gift card spend through ecommerce channels will make purchasing gift cards on campus easier for the end users, while also reducing transactional costs and University risk all the while creating better visibility into gift card spend.

Results

In July 2017, UCSF signed a two-year agreement with National Gift Cards to implement a punch-out catalog offering 240 approved gift card options with a piggy-back clause for UC locations.

The following local benefits will be achieved:

- **Administrative savings**: A minimum reduction of $40,000 annually in administrative costs
- **Shipping savings**: Thirty percent reduction in shipping costs by routing through UCSF's third-party shipping
- **Efficiency**: Centralized process for management of gift card spend
- **Risk reduction**: Effort and risk reduction by providing alternatives to purchasing through procurement card and employee reimbursement

Total Benefit: $40,000 annually