

Financial Benefit Statement

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UC San Diego

Integrated Procure-to-Pay Solutions



Financial Benefit Statement

- An illustrative statement that uniquely quantifies how Integrated Procure-To-Pay Solutions (IPPS) contributes financially to UC San Diego.
- Background on why this was developed, and how we are using it to advertise our value.

Fiscal
Year
2017
—
2018

Revenue			
	IPPS	Campus	Total
Bank Programs and Accounts Payable			
• Payment Plus (Virtual Card)	\$ 1,242,000		
• Corporate Card	\$ 177,120		
• Procurement Card (Express Card)	\$ 890,000		
• Gift Card	\$ 7,200		
• CTS (Central Bill for Travel)	\$ 111,600		
• TEP (Travel Event Planner)	\$ 90,720		
• Earned Discounts	\$ 105,000		
Income Producing Activities			
• Surplus Sales	\$ 684,044	\$ 521,499	
Strategic Procurement Incentives			
• Strategic Sourcing	\$ 1,432,957		
• Last Mile	\$ 59,225		
Campus Partnership and Revenue Sharing Programs			
• Adidas, Amazon, and Coca Cola Partnerships	\$ 98,787	\$ 1,015,891	
• Revenue generating Programs	\$ 10,000	\$ 304,100	
Travel Incentives			
• Connexus	\$ 23,963		
Total Revenue	\$ 4,932,617	\$ 1,841,490	\$ 6,774,106
Added Financial Benefits			
Strategic Procurement/Business Contracts			
• Savings and Cost avoidance resulting from Professional Buyer Actions		\$ 11,691,253	
• Savings and Cost avoidance resulting from Purchases on Contracts		\$ 6,122,990	
Travel			
• Savings/Cost Avoidance Connexus		\$ 506,514	
Total Added Financial Benefits	\$ -	\$ 18,320,756	\$ 18,320,756
Total IPPS Benefit	\$ 4,932,617	\$ 20,162,246	\$ 25,094,862
(Less) Operating/Program Costs by Fund Source			
• Core Funds	\$ (5,956,215)		
• Bank Card/Administrative Fees	\$ (2,123,941)		
• Vendor Patronage	\$ (1,685,251)		
• Surplus Sales	\$ (625,792)		
• Other	\$ (94,363)		
Total Costs	\$ (10,485,562)	\$ -	\$ (10,485,562)
Net IPPS Benefit			\$ 14,609,300

Bank Programs & Accounts Payable

Revenue

Bank Programs and Accounts Payable

- Payment Plus (Virtual Card)
- Corporate Card
- Procurement Card (Express Card)
- Gift Card
- CTS (Central Bill for Travel)
- TEP (Travel Event Planner)
- Earned Discounts

	IPPS	Campus

- Rebates from credit card companies
 - Average 1.6%
- Programs are managed by Accounts Payable

Surplus Sales

Revenue		
	IPPS	Campus
Income Producing Activities		
• Surplus Sales	\$ 684,044	\$ 521,499

- Opportunity to divert used goods from landfill
- Over 40% of the proceeds are funneled back to the department
- Departments are able to focus on research and less time on logistics
- 500 tons of equipment & furniture repurposed
- 96 tons of e-waste recycled

Strategic Sourcing

Revenue		
	IPPS	Campus
Strategic Procurement Incentives		
• Strategic Sourcing	\$ 1,432,957	
• Last Mile	\$ 59,225	

- Rebates and incentives from suppliers
- Last mile is leveraged by central receiving supplanting the suppliers driving on campus
- Dollars/time saved for suppliers
- Traffic risk and carbon emissions reduced on campus

Campus Partnerships

Revenue		
	IPPS	Campus
Campus Partnership and Revenue Sharing Programs		
• Adidas, Amazon, and Coca Cola Partnerships	\$ 98,787	\$ 1,015,891
• Revenue generating Programs	\$ 10,000	\$ 304,100

- Large corporate partnerships
- Initiated and managed by Procurement
- Focus on companies with common goals and vision
- Over 90% of funding back to campus

Travel Incentives

Revenue		
	IPPS	Campus
Travel Incentives		
• Connexus	\$ 23,963	

- Rental car commissions with contracted suppliers

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Direct Savings \$11.7M

Added Financial Benefits		
	IPPS	Campus
Strategic Procurement/Business Contracts		
<ul style="list-style-type: none">Savings and Cost avoidance resulting from Professional Buyer Actions		\$ 11,691,253

- Budget Savings Resulting Directly from IPPS Actions
 - Bid events that result in the selection of a lower priced supplier
 - Sourcing Savings = Savings based on volume over time
 - Transactional Savings = Savings for a single purchase
 - Negotiation of lower price compared to initial quote
 - Avoidance of cost increases as a result of negotiations

Indirect Savings \$6.1M

Added Financial Benefits				
	IPPS	Campus		
Strategic Procurement/Business Contracts				
<ul style="list-style-type: none"> Savings and Cost avoidance resulting from Purchases on Contracts 		\$ 6,122,990		
<ul style="list-style-type: none"> Savings Resulting from Purchases on Contracts <ul style="list-style-type: none"> UCSD implementation of local and system-wide agreements <ul style="list-style-type: none"> Agreements from UC Office of the President “Centers of Excellence” Agreements initiated at UCSD to meet our unique needs and support local/small/diverse businesses Holistic approach to supplier enablement <ul style="list-style-type: none"> Management of e-commerce content Intranet content management Customer tailored direct messaging Supplier business reviews 				

Travel

Added Financial Benefits

	IPPS	Campus
Travel		
• Savings/Cost Avoidance Connexus		\$ 506,514

- Savings on contracts with discounts versus buying from non-contracted travel suppliers
- Topic reviewed during department business reviews

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Operating Program Costs by Fund

(Less) Operating/Program Costs by Fund Source

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- Total direct and indirect costs to support IPPS units and programs grouped by funding streams
- Todd, what is “other”????

Net Financial Benefit \$14.6M

- Net financial benefit that IPPS contributes to UC San Diego's bottom line above and beyond administrative services provided.
- We advertise our total value to Finance, Accounting, CFO, Controller, and campus leadership

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Questions?

UC San Diego

