

Impact Report

Procurement Working for You

partnership

systemwide

efficient

category expertise

collaboration

leverage

power of collective spend

cost avoidance

expand

commitment

benefit

sustainable

opportunities

cost savings

strategic

incentives



Sponsor's Message

Dear Colleague,

Each year, just over 300 University of California procurement professionals partner with fellow administrators, faculty and students to purchase over \$7.9 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.

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Privacy Breach Response Services

Team: Systemwide Strategic Sourcing; Information Security & Privacy, HIPAA, Risk Management, Office of General Counsel, Electronic Accessibility Leadership Team (EALT), UCOP; Cyber Risk Coordination Center

Opportunity

Data breaches pose great challenges to organizations in today's world. The way that the University of California responds to a breach speaks volumes about UC's commitment to our students, employees, and customers. UC has had a long need for multiple breach response services agreements to help the University avoid delay in time-critical breach response activities.

Approach

A Request for Proposal was issued to address communication services related to breach response including preparation/distribution of breach notifications and establishment/operation of call centers to handle inquiries from notification recipients. As a result, two new systemwide agreements with AllClear ID and ID Experts were secured. With these agreements, the UC avoids delay in time-critical breach response activities due to in-the-moment negotiations and offers a wider choice of suppliers who can respond according to their expertise. Agreement services include: preparation and execution of a breach incident communication plan; preparation, distribution, and delivery tracking of notifications to individuals; establishment and operation of a call center facility; and ability to provide add-on services/benefits – such as credit monitoring services.



Results

- **Collaboration**- A new sourcing partnership between the Cyber Risk Coordination Center and Systemwide Strategic Sourcing teams demonstrated efficiency and significant savings by working together
- **Web Content Accessibility** - Strategic Sourcing and EALT Support teams facilitated accessibility testing to assess suppliers' capabilities of providing services for people with disabilities and to ensure WCAG2.0 AA compliance
- **Cost Savings**- The estimated benefit is approximately \$57.7M over the three-year contract term to the University. This is based on analyzing a 5M person affected population, comparing the two supplier's best and final pricing offers, and splitting the workload 50/50 between the two suppliers.

Total Benefit \$57.7M over three years

Bluefin Payment Systems

Team: UC-wide Credit Card Coordinators group led by Philomel Peña; Office of Chief Investment Officer, UCOP; Thomas Trappler, UC Procurement Services

Opportunity

UC processing of unencrypted payment card information subjects UC to additional Payment Card Industry (PCI) compliance costs and exposes UC to additional risk related to data breaches. Some UC campuses had been using Bluefin, which provided access to the most advanced Point-to-Point Encryption (P2PE) services. Establishing a systemwide agreement would allow other campuses to take advantage of these services.

Approach

The UC Procurement Services IT Strategic Sourcing Manager and UC-wide Credit Card Coordinators group identified a PCI Council-approved, market-leading supplier of P2PE technology that uniquely met UC's needs, including compatibility with UC Health Epic requirements. They established UC-wide pricing and terms and were able to deploy it systemwide.



Results

- **Reduces systemwide risk-** Provides all UC locations with access to the most advanced P2PE technology reducing risk in the event of a data breach
- **Cost reduction-** Negotiations resulted in the removal of the transaction fees (which was previously \$.15 per transaction). It also significantly reduced PCI Compliance costs.
- **Cost avoidance-** No price increases for 3 years, including equipment

Total Benefit ~\$494,000

UC San Diego Firewall Hardware RFQ

Team: Bryan Hurley and Mary Chiu of Integrated Procure-to-Pay Solutions, UCSD

Opportunity

The University of California San Diego required new and modern network security to protect the campus nodes and data center from hackers and intrusion. It was time to purchase a new generation of firewall hardware.

Approach

Once the need was recognized, the university utilized Gartner to identify leading manufacturers of firewall hardware. Over the course of two months, onsite evaluations were conducted by several companies, and through an evaluation, Fortinet was determined to be the best fit.

However, because the cost of the hardware was so high, and Fortinet relies on a network of value-added resellers (VAR), Commodity Manager Bryan Hurley and Sourcing Process Specialist Mary Chiu conducted a Request For Quotation (RFQ) to find a VAR who could sell the Fortinet firewall at the lowest cost.

The RFQ was divided into four sections: Data Center, Nodes, Phase II, and Year 4-5 maintenance. This allowed the team to view the defined pricing for each of these sections, and leave the door open for partially awarding the bid. UC San Diego received responses from five resellers and a contract was awarded to Bird Rock based on lowest cost.



Results

- **Cost Savings-** Almost \$1.1M was saved in costs due to finding a VAR who could sell Fortinet hardware
- **Quality Product-** Ensured highest quality firewall hardware at the lowest cost due to RFQ process resulting in a modernized network security at UCSD

Total Benefit ~\$1.1M

UC Irvine All-Electric Bus Fleet

Team: Snehal Bhatt and Katja Grigorova, UCI Purchasing; Stephanie N. Van Ginkel, Student Government & Student Media, Anteater Express and Student Affairs, UCI

Opportunity

Like most college campuses, UCI had been using diesel buses for its campus shuttle service, Anteater Express. In 2013, UCI students passed a measure to expand and update Anteater Express with a requirement to use clean energy buses.

Approach

The UCI Purchasing team worked closely with Student Affairs to determine what would be best for the university in terms of long-range operations, sustainability and student experience. After several months of negotiation, the project resulted in replacing its entire diesel bus fleet with 20 all-electric buses built by Build Your Dreams. The agreement makes UCI the first college in the nation to convert to all-electric buses and will provide over 2 million pollution-free rides annually.

Client Quote

"Because of Purchasing's contract knowledge and savvy negotiation skills...they helped us become the first university in the nation to go all-electric. More importantly, Purchasing looked out for us as colleagues first, not just as another project, which was important to us," said Stephanie N. Van Ginkel, Executive Director, Student Government & Student Media.



Results

- **Cost Savings-** Almost \$1.5M in cost savings due to negotiations including no down payment, increased warranties, retrofitting at no cost and using clean energy
- **Maximize Budget-** Due to successful negotiations, dollars saved are going to enhanced project efforts (e.g. parking lot) instead of trying to find money elsewhere
- **Sustainability-** Supports UC's pledge to emit net-zero carbon greenhouse gases from buildings and vehicles by 2025
- **Partnership & Collaboration-** Purchasing team will continue to work with other campus departments and assist with supplemental projects including the construction of the new parking lot for the electric buses

Total Benefit ~\$1.5M

UC Systemwide Chemical Hazardous Waste Disposal Services

Team: EH&S hazardous waste managers who are members of the UC Hazardous Waste Action Group (HWAG), Procurement Services: Alex Butler-UCB, C.J. Caudle-UCD, Keith Chamberlain-UCI, Claire Tsai-UCLA, Calli Price-UCSB, Maggie Cunningham LBNL

Opportunity

UC systemwide Chemical Hazardous Waste Packaging, Transportation, Storage, and Disposal Services represent approximately \$3 million in annual spend. The ten-year old Clean Harbors Environmental Services and Stericycle Environmental Solutions systemwide agreements were expiring at the end of December 2016.

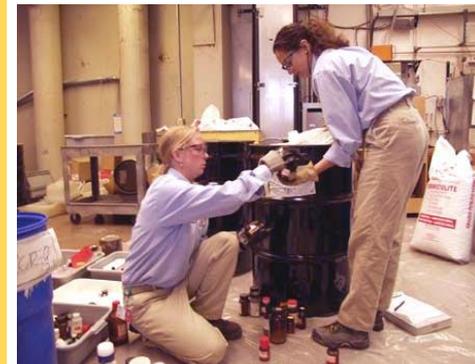
Approach

UC Procurement Services and the UC Hazardous Waste Action Group (HWAG) sought an opportunity to identify new market entrants/services through an RFI process. This was followed by an RFP competitive bid event with an anticipated multi-award outcome. This process allowed for individual campus-preference based on best pricing per waste stream and/or previous customer service experience.

Campus HWAG and Procurement Services personnel organized into RFI-RFP development and evaluation teams. Each team focused on completing their team's RFI-RFP materials in a time-productive manner. Both teams shared their work-in-progress promoting "Team-At-Large" collaboration and consensus. UCOP EH&S and Land Use counsel evaluated bidders' responses to UC safety and pollution liability insurance requirements and to federal EPA and DOT compliance requirements.

UC estimated 2015 annual waste stream volume in pounds:

- Over 1.7 million pounds in Lab-pack Chemicals, Mercury Solutions, Mercury Contaminated Debris, Consolidated Liquids, and Consolidated Solids
- Over 60,000 gallons in Oils and Automotive Fluids
- Over 58,000 pounds in Light Bulbs
- Over 132,000 pounds in Electronics
- Over 82,000 pounds in Batteries
- Over 28,000 pounds in Paint Wastes
- Over 275,000 pounds in Asbestos



Results

- **Annual price increase limit-** not to exceed 3%, or CPI-U Index West Region, whichever is less
- **Cost savings-** Clean Harbors offers a 5% volume discount on future invoices once UC's total systemwide spend reaches \$1.5 million in a given agreement year or extension period
- **Quarterly patronage incentive-** 2% of the total sales of Services
- **No cost training-** Self Pack Protocol, High Hazard Protocol, Annual OSHA and DOT refresher classes
- **Collaboration-** Regularly scheduled meetings between Supplier and UC locations addressed training needs, resolved service issues, and provided a collaborative forum for special projects.

Total Benefit \$210,000 annually

UC Systemwide ServiceNow Renegotiation

Team: Karen Rhee – UC Procurement Services; UC IT Leadership; Department of Energy

Opportunity

ServiceNow is a cloud computing software as a service (SaaS) supplier specializing in IT Service Management, IT Operations Management and IT Business Management applications. The UC-wide ServiceNow agreement was initially established in 2010 when it was a small company and gave unlimited access to all modules at a fixed fee. The company has grown since the contract inception and no longer offers the unlimited subscription model, causing the various campuses to pay individually per module which increases UC's cost significantly. UC Procurement Services saw an opportunity to renegotiate the agreement as a systemwide contract keeping the same unlimited subscription model.

Approach

Nine months prior to contract expiration, UC Procurement Services mobilized 150 people throughout all UC locations to get their buy-in on how to approach ServiceNow as a unified UC. During that time, campuses were instructed to defer all communication regarding contract renewal to UC Procurement Services. A requirement template per module and per campus to collect the licensing requirements was created, and ultimately a new five-year contract was established between ServiceNow and UC Procurement Services, who then became the sole point of contact for all UC locations.

Client Quote

"Congratulations Karen. I've been hearing great news and feedback from multiple stakeholders on this newly negotiated ServiceNow deal. Great job executing this agreement for UC."

-John Arbolino - UCSF



Results

- **Cost Avoidance-** Previous 5% renewal price increase eliminated with new agreement. No price increases for 5 years.
- **Collective Spend-** Tiered volume aggregated across all UC locations and US DoE, not per location
- **Cost Reduction-**
 - 3% cost reduction with next higher volume tiers
 - Student/Fractional employee cost reduced by 50%
 - HR Module pricing added at 92% discount off list price
 - Discovery, Orchestration, ServiceWatch
Insight/ServiceWatch Suite pricing is now per server instead of per device
- **Risk Mitigation-** Agreement terms and conditions aligned with UC's needs, including UC Appendix – Data Security and UC Appendix – Business Associate

Total Benefit \$92,750

UC Health Agfa Enterprise Imaging Agreement

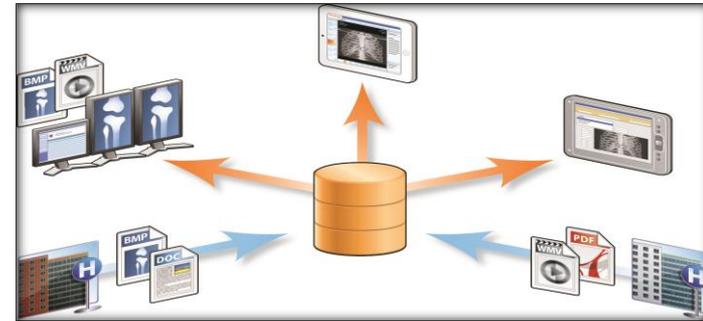
Team: John Arbolino, Susan Riddle and Bryce Steslicki, UCSF Supply Chain Management; Christina Bronsky, Dr. Marc Kohli, UCSF Radiology and IT; David Duffey, Dan Wahl, Dr. Ed Zaragosa, UCLA Radiology and IT; Hillary Kalay, Roslyn Martorano, UCOP Legal

Opportunity

The UCLA and UCSF medical centers had been planning to replace radiological imaging VNA and Image Exchange software with a modernized system. Keeping in mind that UCD, UCI and UCSD, medical centers will also need upgrades, UC Health collaborated with UCSF Supply Chain Management to identify and negotiate a software solution that could meet the needs of all five medical centers.

Approach

Following the qualification of 30 suppliers via RFI, UCSF SCM worked with UC Health stakeholders from all medical centers to develop requirements and evaluate suppliers. Suppliers were qualified and bids were adjusted in additional RFP rounds before Agfa was identified as an awardee. Contract negotiations took six months (faster than industry average) with focus on locking in systemwide pricing rates for the two medical centers ready to implement.



Results

- **Cost savings-** Total recognized savings for UC Health was close to \$1.74M for the five-year term based on savings for both UCSF and UCLA
- **Collective advantage-** Agreement allows for sharing of total annual exam count between campuses so that if one med center runs over their license and one runs under, they can borrow from one another instead of buying additional licenses
- **Gateway to additional savings-** Agreement can be leveraged by other med centers for low rates and systemwide efficiency from using same software

Total Benefit ~\$1.74M

UC Health Dell/NTT Colocation Renegotiations

Team: John Arbolino, UCSF Supply Chain Management; Michael Kilpatrick, UCOP/UC Health IT; Pierre Brickey, UCSF IT; Adam Gold, UCI and UCSD Medical Centers CTO; Matt Aguilar, UC Davis Medical Center, Data Center Operations

Opportunity

With UCSF, UC Davis, UC Irvine and UCLA Health now taking full advantage of the Quincy, Washington, Colocation Data Center, chief technology officers within UC Health decided to renegotiate our systemwide agreement with Dell. The original agreement, executed by UCSF in 2015, included a “Piggyback Clause” that allowed any other UC entity to leverage the agreement. Because the pricing and terms were particularly advantageous, UC Davis, UC Irvine and UCLA wanted agreements with Dell as well. And, due to the larger amount of spend we were committing to Data Center Colocation, we used this leverage to justify additional negotiations (and relative discounts).

Approach

Negotiations focused on three main spend categories: monthly IT Service Management fees (ITSM), cross-connect fees, and transition fees. After months of negotiations with Dell, they agreed to waive all ITSM fees for all additional campuses, as long as UCSF covers ITSM for the rest of UC Health. In addition, they agreed to limit what can be charged for cross-connects and reduced transition fees for UCLA, UC Davis and UC Irvine.



Results

- **Cost savings-** Approx. \$2.6M in savings resulted from a combination of waived ITSM fees, reduced cross-connect charges and reduced transition fees
- **Cost avoidance-** No additional ITSM fees apply to campuses who want to enroll
- **Standardization-** Cross-connection fees for all campuses are now standardized

Total Benefit ~\$2.6M

UC San Francisco Qlikview Technologies Enterprise License Agreement

Team: John Arbolino, UCSF Supply Chain Management; Ramesh Doraivelu, UCSF Enterprise Business Intelligence; David Dobbs, UCSF Data Warehousing & Analytics

Opportunity

With the growing business demands for more data, dashboards and modifications to existing reports, UCSF felt the need to invest in a system with centralized analytic architectures. A high priority was to invest in business intelligence tools that focus on data discovery and data management solutions.

Approach

UCSF's desire was to execute an Enterprise License Agreement (ELA) that would serve the whole UCSF Campus, Research and Medical Center. Qlikview's initial proposal for a five-year ELA came in at almost \$2.6MM. After various rounds of negotiations, UCSF agreed to a "limited" ELA model that focused only on the technologies that would be consumed.



Results

- **Cost savings-** After negotiations, the final cost ended up being half the amount of the initial proposal
- **High ROI-** ELA included unlimited use rights for the Qlikview Enterprise Edition Server. Also, licensing use rights were extended to all UCSF faculty, staff, students and any UCSF affiliates.

Total Benefit ~\$1.36M

UC San Francisco Hewlett Packard Office 365 Migration Services

Team: John Arbolino, UCSF Supply Chain Management; Karen O'Neil, UCSF IT Infrastructure

Opportunity

The costs of maintaining an On-Premise Microsoft Office infrastructure for 40,000 faculty/staff mailboxes continue to rise for most IT organizations. Rising expenses are due to hardware, software, labor, data center co-location fees and costs associated with backups, etc. Ultimately, the decision was made by UCSF to migrate to Office 365 for email, public folders and Exchange Unified Messaging.

Approach

UCSF issued a bid to select a consulting firm to help migrate our entire Microsoft Exchange email, calendars and public folders to Microsoft Office 365. Upon reviewing the two finalists of bids for consulting services, Hewlett Packard was preliminarily selected as the partner. After various rounds of negotiations, HP's proposal yielded the best savings. The savings calculation was the difference between the average of the initial bids received in the RFP and the final Total Cost of the UCSF Engagement. Each of the bids were structured as a "Firm Fixed Fee" model where the listed deliverables were fairly identical to each other.



Results

- **Cost savings-** Total cost savings of approx. \$866,000
- **Cost avoidance-** HP agreed to migrate all UCSF employee faculty and staff mailboxes to Office 365. All standard HP support costs were waived.
- **Win-win for both HP and UCSF-** Increased sales for HP and decreased staff augmentation costs for UCSF

Total Benefit \$866,000

UC San Francisco/Berkeley Small Business Day Near the Bay

Team: Roesia Gerstein, Supply Chain Management, UCSF and UCB; UCB Government and Community Relations Office and UCSF Center for Community San Francisco Small Business Administration

Opportunity

The UC San Francisco/Berkeley Supplier Diversity Program promotes business relationships and contract opportunities with small, diverse and disadvantaged businesses to promote economic sustainability for local socio-economic communities. Email inquiries are received daily from businesses wishing to sell goods and/or services to our campuses.

Approach

Supplier Diversity Program Manager, Roesia Gerstein, has developed partnerships with Berkeley's Government and Community Relations Office, UCSF's Center for Community San Francisco Small Business Administration, and many other governmental agencies that work with small and diverse businesses. To address the interest of new businesses wanting to work with UC, the collaboration designed "Small Business Day Near the Bay," a resource and training event for small businesses. The event was held on March 14 with over 100 people in attendance. The four-hour event included a "Meet the Borrower" panel discussion and an interview with a women-owned, geographically and historically underutilized small business, Bay Systems Inc., who recently signed a UC systemwide agreement. Another small business, Cardel Catering, provided tastings. The event was successful in expanding UCB and UCSF's contacts with additional small businesses.



Results

- **Increased small business connections-** Several new caterers plan to sign up to offer catering to the campuses. A new connection was made with RichmondBuild who will meet with the UCSF Construction Commodity Manager for a possible collaboration in building a new training center.
- **Collaboration-** Strengthened relationships between UCSF/UCB Supply Chain Management, UCB Government Relations Office and UCSF's Center for Community San Francisco Small Businesses Administration
- **Innovation-** Local chambers of commerce expressed interest in replicating this session model for their communities

Benefit: Increased accessibility to more diverse & small businesses

Thank You

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