



PROCUREMENT SERVICES BRAG BOOK JULY 2014

Message from the Chief Procurement Officer...



Dear Colleague,

Each year, our 230 University of California procurement professionals partner with fellow administrators, faculty and students to purchase nearly \$6 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 to redirect savings in support of 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 by working smarter together.

Very truly yours,
William M. "Bill" Cooper
Associate Vice President and Chief Procurement Officer

In Support of the University's Core Missions...

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 service.

- Expedited Mail and Small Ground Freight page 4
- Northern California Produce Distribution page 5
- ServiceNow Negotiated Amendment page 6
- Mainframe Software Negotiated Agreement page 7
- Student Laundry & Equipment Services Agreement page 8
- California Reading & Literature Project Services Agreement page 9
- Threat Assessment Consulting Services page 10
- UC Merced Chiller Rentals page 11
- UCSF/B IT Procurement Center of Excellence page 12
- Faculty and Student Collaboration and Partnership page 13
- UC Genomic Sequencing Consortium page 14
- Leveraging Technology Innovations to Capture Benefit page 15
- Procurement Partnerships in Non-Traditional Categories page 16



Working Smarter P200 Challenge:
Redirect \$200 million in annual savings to teaching, research and public service

Expedited Mail and Small Ground Freight

Clients: All UC Campuses, Medical Centers, and Lawrence Berkeley National Lab

Opportunity

The University of California had not competitively bid Expedited Mail and Small Ground Freight since 2006 when two agreements were established with suppliers after an RFI process. Assessing the marketplace provided the team with data regarding suppliers with focus on the services offered, the price of those services, and the extra incentives offered by the Primary Supplier.

Results

- Benefit yield of 25% over previous pricing, with total annualized benefit of \$2.8 million
 - A new Prompt Pay Discount of 2%, 10 Days
 - Patronage Incentive of 3.5% on volume
 - Conversion Cost Incentive
 - Last Mile Delivery Incentive
- Increased benefit anticipated with implementation of the Inbound Freight Program at each UC Location



The Team

UCB/SF:	Sandy Macasieb
UCD:	Jennifer Carmichael
UCLA:	Rhodora Antigua and Ty Haubrich
UCM:	Denise Garcia
UCSD:	Ayesha Lieke
UCOP:	Lesley Clark

Power of Collective Spend

Cost Savings

Supply Chain Management

Northern California Produce Distribution

Clients: Dining Services (UCSC, UC Merced)

Opportunity

With the results of the S. California Produce Distribution RFP which generated 23% in saving over 3 years for UCSD, UCR and UCSB, the Northern California campuses UCSC and UCM agreed to collaborate and leverage their combined \$1.4 million in annual produce spend.

Results

- Projected savings of \$1.17 million (26%) over the three year contract term
- Resulting contract met unique needs of campuses and provided for food safety, sustainability, supplier diversity and pricing accuracy
- CSU Chico also participated in the RFP which generated an annual \$78k (32%) in savings.



The Team

UCSC: Dwight Collins, Scott Berlin, April Exner Nycum
UCM: Mitch Vanagten, Jason Souza
UCOP: Eric Pollack

Power of Collective Spend

Collaboration

Sustainability

Cost Savings

ServiceNow Negotiated Amendment

Clients: UCOP Information Technology Services (ITS), UCOP IT Procurement, LBNL IT

Opportunity

An IT supplier, ServiceNow, approached UC with changes that would cost the UC \$1.1 million over 3 years. In addition, the supplier wanted to implement over \$720,000 in new charges for access that the UC currently receives at no charge. Working with Lawrence Berkeley National Lab, Procurement Services was able to negotiate an agreement that extended the current pricing model, while reducing and capping other charges.

Results

- Maintained current licensing model for 3 more years, avoiding \$1.1 million in new charges for next 3 years
- Negotiated reduced per server charges, providing \$66,186 in direct cost reduction over 3 years
- Avoided \$720k/yr in new charges for access to FISMA data centers
- Total benefit of \$3.3M over 3 years



The Team

UCOP: Dianne Yoder
LBNL: Richard Gregory

Collaboration

Power of Collective Spend

Cost Savings

Mainframe Software Negotiated Amendment

Clients: UCOP Information Technology Services (ITS), Local IT Organizations

Opportunity

As business processes and computing infrastructure at the UC transition away from mainframe computing to more flexible infrastructure, service providers want to maintain their current revenue base. Working with the campuses and UCOP's ITS organization, Procurement Services was able to negotiate aggressively to manage the cost and risk of the legacy mainframe services with an amendment to current contract for the three-year period from 2014-2016 with additional benefits in pricing/terms.

Results

- Negotiated an additional 25% discount on licensing prices with savings of \$1.2M over 3 years
- Negotiated the discontinuation of licenses that will no longer be needed following year two of the agreement with savings of \$1.6M in year three



The Team

UCOP: Dianne Yoder
Robert Baum
Diane Lombardo

Category Expertise

Power of Collective Spend

Cost Savings

Student Laundry Equipment & Services Agreement

Clients: UCSC CUHS – Colleges and University Housing Services Department

Opportunity

Make coin, debit card, smart card operated automatic washers and dryers available in student housing facilities on the UCSC campus for over 6,600 students. UCSC Procurement Services issued request for proposals to identify a qualified supplier to provide washer and dryer equipment and a full-service program to the campus student community, with the added benefit to the department of generating revenue for student programs.

Results

- Established supplier owned/operated laundry program with initial complement of laundry equipment consisting of 258 washers and 253 dryers
- Minimum commission to CUHS of 62.5% of the gross receipts from operation, anticipated revenue generation of \$272k for calendar 2014
- Supports sustainability and mitigates environmental impact with use of Energy Star equipment only



©2013 University of California

The Team

Procurement Services:	Deb Newman
Campus IT:	Laurie Carnahan, John Rocchio
Campus Student Housing:	Sue Matthews, Chris Attias

Collaboration

Revenue Generation

Strategic Partnerships

California Reading & Literature Project Service Agreement

Clients: University of California Educational Partnership Center

Opportunity

The UCSC Educational Partnership Center (EPC) and California Reading and Literature Project (CRLP) provides standards-based instruction for K-12 teachers in the area of English language arts. In furtherance of the program's objectives, the CRLP delivers learning institutes to California school districts using a contract template developed by UC counsel. When an area school district rejected the UC form one week before a scheduled CRLP institute, EPC and campus counsel requested assistance from the business contracts team in UCSC Procurement Services as the only office able to negotiate an acceptable contract within the limited time available. Without a way for EPC to complete the contract process, the university would lose revenue of \$78,750.

Results

- UCSC Business Contracts responded to the opportunity by completing a mutually acceptable services agreement in less than one day
- \$78,750 in revenue to California Reading and Literature Project



The Team

Procurement Services:
Nikki Vamosi

Educational Partnership Council:
Mackenzie Aluffi

Collaboration

Revenue Generation

Strategic Partnerships

Threat Assessment Consulting Services

Clients: UC Merced Police Department

Opportunity

UC Merced, being the a developing campus and located outside the city limits is dependent on the county for fire and emergency services. Fire and emergency resources and services are becoming insufficient to serve the needs of the growing campus. In determining what steps might be taken to start the process for bringing adequate fire and emergency services on campus or nearby campus, it was decided that a consultant was needed to help assess short and long terms needs and assist with development of a strategic plan. Market research was conducted, specifications were developed and an RFP was issued.



Results

- Proposals were solicited and award was made to a new source identified through consultation with procurement colleagues from other campuses
- Award was made via the Best Value method of evaluation and netted a benefit of \$64,503
- The contract has provided the expertise needed to move forward with planning for the addition of fire and emergency services to serve the campus through 2020 and beyond

The Team

Police and Public Safety:

Rita Spaur
Chou Her
Tamela Adkins

Procurement Services:

Denise Garcia

Strategic Partnerships

Cost Savings

Meeting Client Needs

UC Merced Chiller Rentals

Clients: Facilities Management

Opportunity

With the growth of the campus and the additional new buildings, central plant does not have the capacity to cool all of the UC Merced campus buildings during the hot summer months. In response, additional chillers were needed to adequately serve the campus. Facilities had “investigated” chiller options on their own and did not wish to wait for an RFP process. Procurement Services obtained specifications from Facilities and worked with them to assuage their fear that the bid process would fit their urgent timeline, and they were kept posted throughout the process to keep them informed (and comforted!).

Results

- Quotes were received from 4 firms and award was made to a new source with the lowest responsive, responsible bidder resulting in savings of \$138,510
- The bid process and final award was completed in time to meet the department’s deadline for receiving the chillers.
- *The department was satisfied with the end result!*



The Team

Facilities Management
Procurement Services:
Todd Harris

Strategic Partnerships

Cost Savings

Meeting Client Needs

UCSF/B IT Procurement Center of Excellence

Clients: UCSF & UCB Campus IT, UCSF Medical Center

Opportunity

UCSF and UC Berkeley's Supply Chain Management Team brought together business and eProcurement systems on multiple campuses to develop closer working relationships and partnership with Campus IT. The team worked to remove road blocks to collaboration and enable multi-campus cost savings. Supply Chain Management's early engagement to facilitate the buying process provided value added service and reduced project timeline risks.

Results

- More than \$25M in documented savings and nearly \$1M in salary and benefit costs, with \$5M savings in 2014 year to date
- Procured software for IT affecting 22,800 (UCSF + Medical Center) employees and thousands of additional computing endpoints across the campuses
- Creation of two shared positions (50% to Supply Chain Management and 50% within IT) supports ongoing partnerships and enables effective use of resources



The Team

UCSF/B: Alexis Perez
Andrew Clark
Joanne Peterson
John Arbolino

Strategic Partnerships

Revenue Generation

Optimize Tools & Talents

Faculty and Student Collaboration and Partnerships

Clients: UCSF and UC Berkeley Supply Chain Management

Opportunity

UCSF/B's Supply Chain Management is developing innovative solutions with \$3-5 million in savings through implementation of no-cost consulting engagements to develop sustainable business process, systems, and tools using talented, low-cost ad-hoc resources to meet the needs of faculty's high-profile projects while giving students real-life experience in support of their degrees.

Results

- University of San Francisco MBA students worked to identify spend patterns across departments to facilitate targeted communications and procurement programs
- UC Berkeley Master's of Engineering students modeled UCSF and UCB campus supply chain to identify ways to reduce costs
- Decision Science Professors at San Francisco State University created a model for supplier enablement to maximize the value BearBuy provides to participating campuses with estimated cost savings of \$20 million over 5 years



©2015 University of California

The Team

UCSF/B: Andrew Clark
SFSU: Susan Cholette,
Ozgur Ozluk
USF: Vijay Mehrotra
UCB: Phil Kaminsky

Strategic Partnerships

Cost Savings

Optimize Tools & Talents

UC Genomic Sequencing Consortium

Clients: All UC Genomic Sequencing Facilities

Opportunity

UCSF/UC Berkeley Supply Chain Management (SCM) partnered with the research community to secure a grant from UCOP to facilitate a UC Sequencing Consortium. The grant served as the stimulus to administer and facilitate a two-day working session at UC Berkeley bringing together genomic sequencing researchers and administrators to gain a better understanding about the needs of the sequencing facilities across the UC.

Results

- Brought together 22 Genomic Sequencing Leaders from seven UC campuses to better understand the needs of genomic sequencing within the UC system.
- Identified potential benefits available to the UC system in the form of time and cost reductions with creation of sub-committees to focus on areas of development
- Created communication channels and framework to publish universal information on genomic sequencing and enable increased collaboration across the community



The Team

UCB: Donna Hendrix, Justin Choi, Minyong Chung, Andrew Cross, Karen Lundy, Donald Rio, Anett Schmittfull
UCI: Melanie L. Oakes
UCLA: Celia Adelson, Maria Dominguez, Suhua Feng
UCSD: Kristen Jepsen
UCR: David Gee, Glenn Hicks
UCSC: Nader Pourmand
UCSF: Eric Chow, Eunice Wan, Julie A. Auger
UCSF/B: Greg Macway, Jessica Overbeck, Andrew Clark, Ross Bausone

Strategic Partnerships

Power of the Collective Spend

Optimize Tools & Talents

Leveraging Technology Innovation to Capture Benefit

UC Procurement is leading industry best practices with reverse auction capability

With the launch of the Supplier Registration and Sourcing platform in November 2013, UC Procurement gained the ability to conduct competitive bids via reverse auctions. To date, the procurement team has managed more than 10 reverse auctions with great results:

- \$7.5M in spend generating \$1.25M in savings
- Discounts ranging from 5% to 50% from opening bids and business case assumptions
- Shorter turn around times with 2 weeks preparation and 30 minutes to one hour of live bidding
- Product complexity and volumes ranging from single items to complete market baskets, from chemicals to flash drives to audio/visual goods and services

Transparency of reverse auctions drives increased market competition and better pricing for the University.

Suppliers see what market prices are for the product and can better gauge their price position. Post auction, we have seen losing suppliers reduce prices to compete with the awarded supplier.

“The procurement team and members of the department gather in the same room to watch the auction happen live online.

It’s truly a team-building event to see the price go down and down.”

—Andrew Clark, UCSF/B



Read the featured article
[“Bid for savings: Reverse auctions”](#)
University Business,
April 2014

“In addition to addressing essential procurement elements, reverse auctions further engage stakeholders and provide a visual, real-time reminder of the value that Strategic Sourcing brings to the table.”

— Marc Leufroy, UCLA

Procurement Partnerships in Non-Traditional Categories

Clients: UC Office of the President Business Groups

Opportunity

UC Procurement partnered with Office of the President business groups such as Human Resources and Controller's Office to provide sourcing and procurement support for major Working Smarter Initiatives. Typically, spend for health care and financial services have been managed by the individual business groups with minimal Procurement team engagement. Through a collaborative engagement and by leveraging UC Procurement technologies, sourcing and negotiation strategies, the University was able to realize significant reductions in costs of health care and financial services.



Results

- UC Care agreement projected at \$12 million benefit in the first year and with expected growth in future year savings through cost avoidance
- New medical plan structure resulted in \$92 million in savings annually
- New agreement for external audit services resulted in \$6.6 million savings over the five-year term of the contract

Strategic Partnerships

Tools & Technologies

Cost Savings

Building a Responsive and Effective Procurement Team

Our Vision

Be acknowledged by University of California executive and campus leadership, faculty, staff and students as a **high performing strategic partner** that is **essential** to the financial health of the University

Our Mission

Expand opportunities for teaching, research and public service by delivering savings and efficient procurement services across the University of California

Our Strategic Objectives

- Develop **collaborative relationships** with clients across the UC system to **understand needs** and provide high quality procurement services **that best meet those needs**.
- Pursue strategic initiatives in a **coordinated manner** that **leverages the power** of our collective spend and redirects savings to teaching, research and public service.
- Invest in and **optimize talent and technologies** across the University to deliver far greater benefit than can be achieved by any single location working independently.
- Drive down Total Cost of Ownership (TCO) and promote **new revenue opportunities** through effective sourcing, contract management and supply chain solutions.
- Partner with suppliers to develop business relationships and solutions that **optimize value** for the University.

A modern courtyard featuring a blue wall on the left, a white wall with columns on the right, and a green lawn in the foreground. The scene is brightly lit, casting shadows on the grass.

Thank You