

# Impact Report

Procurement Working for You

opportunities

strategic

cost savings

incentives

benefit

sustainable

expand

commitment

power of collective spend

cost avoidance

leverage

collaboration

category expertise

efficient

systemwide

partnership



# 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 \$7.6 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, 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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# UC Health Document Management Services

Team: Sandy Macasieb, Supply Chain Management /Procurement & IT representatives from UC Health and UC Berkeley/SF campuses

## Opportunity

University of California entities generally operate a decentralized procurement process and an unmanaged print environment, which have resulted in a significantly high number of print output devices at each UC location. The various types, makes, models, sizes and ages have created redundancies, cost inefficiencies, unsecure printing, and negative environmental impacts. The goal of Document Management Services (DMS), a comprehensive print management program, is to provide ongoing optimization of the print equipment environment to meet the onsite print output needs (print, copy, fax, and scan) of students, faculty, and staff. This will significantly lower print-related expenses, improve operational efficiencies, and contribute to UC's sustainability goals.

## Approach

UC Berkeley/SF campuses joined forces with UC Health and worked collaboratively as a group of six UC entities (UCDMC, UCIMC, UCLAMC, UCSFMC, UC Berkeley, UCSF ) on UC Health's "Leverage Scale for Value" initiative for print management. After a thorough RFP process to source a single DMS supplier and further negotiations, Ricoh was awarded the resulting five-year agreement to implement in two phases, at the discretion of each UC entity.



## Results

- **Cost Savings** – Projected annual cost savings of \$3.8 million (32.6%), among the six UC entities for Phase 1. Any and all efforts taken by each UC entity in Phase 2 will significantly increase these savings numbers.
- **Administrative Efficiencies** – Streamlined ordering & billing; onsite supplier personnel for proactive maintenance/repair & just-in-time supply replenishment
- **Sustainability Benefits** – Standardized list of Energy-Star equipment; target ratios for elimination of underutilized devices and for paper reduction
- **Collaboration** – A collaborative effort between the UC Health system and UC Berkeley/UCSF resulted in an agreement accessible by all UC locations and UC Affiliate locations

**Total Benefit \$19.1 million over 5 years**

# Medical and Pharmacy Employee Health Benefits

Team: Amanda Marks and Sara Kayser, UC Procurement Services, Oakland; Laura Tauber, Gabby Jung, Jerome Perez, UC Health Team; Mark Esteban, Terri Flock, Richard Coates, UC HR Team & Alliant Employee Benefits Team

## Opportunity

From faculty to employees to medical centers, everyone within UC has an interaction with the health plan process whether directly participating in one of the plans or opting out of UC health coverage completely. UC Health, HR, and Procurement teams saw an opportunity to work together to develop a health insurance initiative that would save costs.

## Approach

An RFP was put together to select a partner or partners that could enable the UC employee self-funded health plans to become higher quality and more cost effective market leaders. Through collaboration, the group was able to leverage each individual's expertise while following the procurement process. The RFP structure allowed suppliers to submit proposals under separate bids which gave us the most competitive offers for the different services: administrative services only for medical/behavioral health network, claims administration, and pharmacy benefit administration. For example, the medical benefit is driven by Anthem's greater provider discounts within their contracted network; and the pharmacy benefit is driven by Optum RX providing a more competitive offer across ingredient cost, dispensing fee, drug spend and administrative fees.



## Results

- **Total Cost Savings** – The Administration Services Only medical and pharmacy plans with Anthem and Optum RX will save approximately \$79M annually resulting in \$239M benefit over three years
- **Collaboration** – Enhanced partnership between UC Health, HR, and Procurement teams demonstrated efficiency and significant savings by working together
- **Innovation** – Splitting the RFP into medical, behavioral health and pharmacy components provided UC with best-in-class service and value across requirements

**Total Benefit \$239.2 million over three years**

# UC Systemwide Liquid Gases

Team: Ross Bausone, UC Procurement Services, Oakland and Alex Butler, Strategic Sourcing, Berkeley/SF

## Opportunity

Systemwide, the spend for liquid helium, Dewars liquid gases and high-pressure cylinder gases is approximately \$3.3 million per year. (Dewars are insulated stainless steel containers where gases are stored in a liquid state.)

After completing a liquid helium bid, the Berkeley/ SF and UC systemwide teams noticed the differences in pricing of other gases systemwide and saw the opportunity to save money through collective spend.

## Approach

A team of campus representatives interested in reducing gas product costs was assembled. The RFP for this bid was based on three different gases and the variety of Dewar sizes that are “normally” supplied/ordered.

Bidders were qualified by saying that no matter what size Dewar is ordered, the price must be competitive and equivalent based on the per liter price for that lot.



## Results

- **Cost Savings-** The competitive bid reduced cost to the University by approximately 30 percent. (Costs varied across the system, so the 30 percent savings is generalized.) Dewars that once averaged \$100+ each, now cost \$77
- **Building on Collective Spend-** Previously consolidated gas purchases helped open the door to new opportunities

**Total Benefit \$1.1 million per year**

# Zoom Video Communications

Team: Jon Good and Randy Kemish, Information Technology Services, UCOP; Lucy Greco, Jovie Soliman, Gladys Oddove, UCB; Bob Hudack, UCI, Alison Kibble Koshi, UCSD, Mike Lee, UCR; Alan Love, UCDSHS, Neil Kronenthal & Thomas Trappler, UC Procurement Services, Oakland

## Opportunity

Multiple communication and collaboration tools are in use throughout the UC system with collective spend exceeding \$2.1M. This is inefficient both from the perspective of cost impact, and utilizing multiple tools to communicate and collaborate among ourselves. One of the primary services in use (ReadyTalk) did not provide a modern range of audio, web and video conferencing functionality. The expiration of the UC ReadyTalk agreement presented an opportunity to identify a new and improved approach.

## Approach

A team of key stakeholders and Subject Matter Experts was formed to research and evaluate options. The team recommended issuing an RFP for a desktop and mobile audio, web, and video conferencing solution to result in a single award. The RFP was inclusive of UC's current usage and needs, as well as expected future needs.

## Client Quote

"Zoom will make a huge difference in communication and collaboration across the campuses." – *Jim Phillips, Director Learning Technologies, UCSC*



## Results

- **Advanced Technology-** Zoom Education is a best-in-class online communication and collaboration tool that will provide UC with modernized video-conferencing, web-conferencing, and audio-conferencing (both device-based and toll call), with a intuitive and easy to use user-interface
- **Cost Reduction-** Unlimited use for a single flat-rate of \$9.99/host/year (89% less than standard educational price) and 50% discount on all other Zoom conferencing services (incl. Room Connector, Rooms, Webinar, Mtg. Capacity Add-On)

**Total Benefit \$3.15 million over 3 years**

# Supply Chain 500

Team: Nik Neu, Anita Enos, Laurie Wolkow, William Cooper, Oakland; Jim Hine, Berkeley/ SF; Ted Johnson, San Diego; Delphine Regalia, Berkeley; Mike Allred, Davis; Bryant Yancey, Irvine; Faye McCullough, San Diego; Darin Matthews, Santa Cruz and Bill Propst, Los Angeles

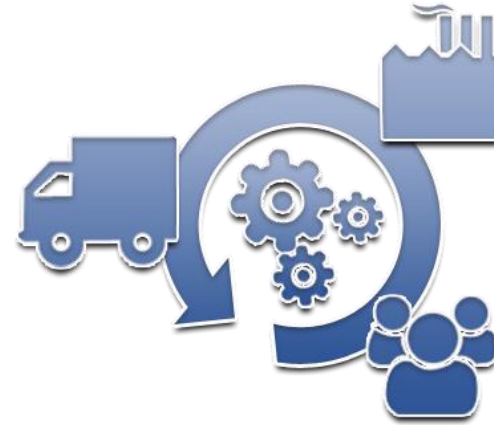
## Opportunity

With UC Procurement Services surpassing the P200 goal ahead of schedule, we are now focused on the next target, to evolve P200 to Supply Chain 500 (“SC500”). The assessment would include identifying Supply Chain best practices as they relate to UC, defining UC’s optimal Supply Chain structure, determining UC’s change readiness, and validating the achievement of the new benefit goal.

## Approach

UC Procurement Services led the RFP process and negotiations for the selection of a service provider that would assess UC’s systemwide supply chain processes, identify and design a “Best in Class” supply chain optimization vision and execution roadmap that would support UC in achieving \$500M in benefit.

Sponsored at the Executive level with the goal to optimize the supply chain across UC, a competitive bid process was conducted. Further negotiations with the finalist allowed us to gain the best technical proposal and qualified consultant at the best price.



## Results

- **Cost Savings** – The outcome of the final negotiations resulted in a savings of \$1.136M, (44% reduction from the initial proposal)
- **Operational Efficiency** – Collaboration of members representing multiple locations increased operational efficiency and organizational alignment across campuses and functions

**Total Benefit \$1.14 million**

# UC Los Angeles David Geffen Hall

Team: Marc Leufroy & Dominika Sorrells, UCLA Strategic Sourcing; Neil Bornn-Gilman, Robert Mahterian, Michael Shane & Ryan Hill, David Geffen School of Medicine – Dean’s Office

## Opportunity

David Geffen Hall, a newly-constructed building, had eleven rooms needing audio visual capabilities. The Dean’s Office within the David Geffen School of Medicine (DGSOM) employed UCLA Campus Purchasing and Payables, Strategic Sourcing to identify a single supplier capable of equipping these rooms with state-of-the-art audio visual technologies.

## Approach

UCLA Procurement elected to source this opportunity through Reverse Auction as a result of prior successful outcomes for this customer. Potential suppliers were required to meet extensive pre-qualification criteria in order to receive an invitation to participate in the live auction. The entire Geffen Hall project budget was conveyed to be in excess of \$10m with \$5.1m allotted to acquire the necessary AV equipment. Historical pricing resulting from earlier collaborations was utilized to create the desired marketbasket.

## Client Quote

“I appreciate the speed of the auction process versus a traditional RFP process. It is also remarkable to see the cost savings realized by having the vendors compete in real time to provide the lowest cost.”



## Results

- **Cost Savings-** Using the reverse auction process saved the client \$1.1 million
- **Administrative Efficiency-** The short time frame of the auction process (which was completed in only 30 minutes) saved administrative time
- **Increased Collaboration-** With the success of previous sourcing outcomes, Campus Purchasing, Strategic Sourcing and David Geffen School of Medicine’s Dean’s Office collaborated again to use the best purchasing methods for the highest quality service at lowest pricing

**Total Benefit \$1.1 million**



# UC San Diego Time Warner Cable Agreement

Team: Yvonne Macon, Integrated Procure-to-Pay Solutions; Mark Cunningham AVC- Housing \*Dining\* Hospitality; Ron Joyce and Don McLaughlin, Information Technology Services; and Kathy Russo, UC San Diego Health

## Opportunity

UC San Diego had two years remaining on an existing bulk contract with Time Warner Cable (TWC) for analog cable in all buildings on the main campus, including Health Systems and the Undergraduate dorms. Graduate Housing communities were serviced through varying access agreements by a separate TWC division and billed individually to students, at residential rates. These services did not include HD Clear Qam and IPTV, to enable viewing on multiple devices, with time shift viewing capabilities. Housing\* Dining\* Hospitality (HDH), in conjunction with Information Technology Services (ITS), and UC San Diego Health, sought to renegotiate a new, comprehensive, and consolidated agreement.

## Approach

The team worked together for several months to negotiate a new pact between TWC and UC San Diego. The result consolidated all access agreements under a campus master contract. The contract adds three years to the original contract, with guarantees for continually evolving services. It covers all campus departments including ITS, UC San Diego Health, and HDH Graduate & Undergraduate Housing areas.



## Results

- **Cost Savings-** Negotiated 45% reduction in cost
- **Rebates-** Rebates are offered for advance payment
- **Better Customer Service-** Tripled internet speeds in Graduate Housing areas, for Starter and Standard TV Digital Bulk Package and HBO Premium Channels
- **Advanced Technology-** Converted campus to digital TV, offering IPTV with streaming, time shifted, and on-demand viewing on up to 5 devices in all housing areas, and a further customized plan for UC San Diego Health properties and ITS
- **Reduced Pricing-** Converted Graduate Housing to a 'bulk billed' system, with dramatically reduced pricing and a custom TWC webpage for online/on-site sign-up during the student contracting process

**Total Annual Benefit \$840,107**

# UC Riverside Computer Server Components

Team: David Gee, Mike Lee, Dana Allen, UCR Procurement and UCR Computer Science Department

## Opportunity

On June 20, 2016, the UCR Computer Science department submitted an urgent pCard limit increase request to allow for the purchase of \$142K of computer server components from a well known online distributor. These components were needed for instructional support for a summer class starting in a few short weeks. The last day to purchase items on the pCard so they would hit general ledger in the current fiscal year was June 23, 2016.

## Approach

Procurement Services advised the department that a competitive bid could be executed, a purchase order awarded, and the funds encumbered on the general ledger all before fiscal close.

The department requested the compromise of a pCard increase to allow them to purchase \$20K of the most critical components and then Procurement Services could bid the remaining items. This request was granted. An RFB was sent to 21 suppliers on June 21 and UCR received 20 responses on June 22, the same day the PO was awarded.



## Results

- **Cost Reduction-** As a result of the competitive bid, a Cost Reduction was achieved of \$25,632 on the remaining items
- **Lost Opportunity Cost-** UCR Procurement Services included the items purchased on the pCard in order to determine the lost opportunity cost which amounted to \$3,729
- **Increased Collaboration-** The Computer Science Department agreed to engage Procurement earlier in the process for future purchases

**Total Benefit \$25,632**

# UC Riverside Drone Flight Training

Team: Michael Lee, UCR Procurement and members of UCR Engineering and Anthropology Department

## Opportunity

Michael Lee of UCR Procurement Services received two separate requisitions to purchase video drones (\$5,000 each) by the Engineering and Anthropology Departments. During his personal time, Mike is a semi-professional pilot in radio controlled aircraft including experience with flying drones. Training to fly drones can cost up to \$3,500.

## Approach

After confirming that the users had no experience with remote controlled aircraft, Mike volunteered to teach them how to fly the new drones. Seven people participated in the training. On his own time, Mike taught them basic piloting skills that included accurate take-offs, flying and landing. Mike's volunteer time helped save the university training costs and potential costs to fix or replace a drone due to inexperienced flying.



## Results

**Cost Avoidance-** Mike's volunteer time helped save the university \$24,500 in training costs (7 ppl x \$3500) not to mention the \$10,000 it would have cost to replace the drones due to inexperienced flying.

**Promoting Community Service-** This is a demonstration of how professional staff within Procurement Services can assist in unique ways to serve the university system.

**Total Benefit \$24,500**

# Thank You

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