

# Impact Report

**Procurement Working for You**

opportunities

strategic

cost savings

incentives

efficient

collaboration

power of collective spend

commitment

expand

benefit

sustainable

systemwide

category expertise

leverage

cost avoidance



# Sponsor's Message

Dear Colleagues,

Each year, 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 our 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 UC Supply Chain and Procurement team members who model their spirit of service, collaboration, and strategic problem solving every day 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*

These pages highlight recent UC Procurement initiatives that model our team's goal of delivering efficient procurement services and savings to expand opportunities for teaching, research and public service.

<b>UC Procurement:</b> Grad Slam 2019 Research Competition	p. 3
<b>UC Procurement:</b> Suppliers Support Students & Sustainability	p. 4
<b>UC Procurement:</b> Cesium Irradiator Replacement Program	p. 5
<b>UC Procurement:</b> Autoclaves Service & Equipment	p. 6
<b>UC Procurement:</b> Document & Data Management Services	p. 7
<b>UC Procurement:</b> Third Party Claims Administrative Services	p. 8
<b>UC Davis:</b> Accounts Payable Invoicing	p. 9
<b>UC San Diego:</b> Payment Compass Completion	p. 10
<b>UC San Diego:</b> Cisco SmartNet Maintenance Renewal	p. 11
<b>UC San Diego:</b> Package Tracking Software Implementation	p. 12
<b>UC San Francisco:</b> Campus-wide Card Reader Upgrade	p. 13
<b>UC San Francisco:</b> Privileged Access Management	p. 14
<b>UC San Francisco:</b> Symantec Upgrade & Renewal	p. 15

# Grad Slam 2019 Research Competition

**Team:** Justin Sullivan, Korey Fleck (UC Procurement)  
Amy Gardner, Brandon Schneider (UC Berkeley University Partnership Program)

## Opportunity

Been to a poetry slam? It's a competitive performance of poetry in which writers showcase their work in a few minutes. [Grad Slam](#) is similar but the contestants are UC graduate researchers summarizing their work in a brief and engaging way. UC President Janet Napolitano emcees the contest, which is judged by a panel of leaders in industry, media, government and higher education.

## Approach

As part of our ongoing effort to create win-win collaborations with vital suppliers that also benefit students and support the UC mission, UC Procurement brokered the sponsorship deal between Life Sciences supplier Thermo Fisher Scientific and the 2019 UC Grad Slam.

UC Procurement connected experts from the Berkeley University Partnership Program (UPP) with the UCOP Graduate Studies team to help them develop a new sponsorship opportunity with which to approach Thermo Fisher Scientific. The proposal package was designed to generate immediate interest but also to serve as a model for future sponsorships.

## Client Quote

*"This important sponsorship opportunity would not have been possible without Bill Cooper's talented team in UC Procurement, particularly Justin Sullivan, and Amy Gardner of Berkeley's UPP."*

—Pamela D. Jennings, Executive Director, UCOP Graduate Studies



Provost & Exec. VP, Academic Affairs, **Michael Brown**; UC President & Event Emcee, **Janet Napolitano**; UC Davis graduate researcher & Grad Slam event winner, **Katie Murphy**.

## Results

UC Procurement assisted the Grad Slam 2019 event by:

- Connecting Thermo Fisher Scientific with UCOP Graduate Studies team to sponsor Grad Slam program for \$11,000
- Bringing in Berkeley's UPP team to help develop a current and ongoing event sponsorship model
- Inspiring Thermo Fisher Scientific's Chief Scientific Officer, Dr. Alan Sachs, to serve as a Grad Slam event judge
- Facilitating a continued sponsorship discussion with Thermo Fisher Scientific for future Grad Slam events

**Total Benefit: \$11,000 (program sponsorship)**

# Suppliers Support Students & Sustainability

**Team:** Valerie Vergara, Heidi Oh, Korey Fleck, Yvonne Macon, Anita Enos, Stephanie Lopez (UC Procurement); Sustainable Procurement Working Group and UCOP Office of Sustainability

## Opportunity

Over the past several years, UC has increased its dedication to sustainable procurement and moving supplier relationships beyond transaction-only exchanges. With this, UC has sought to engage key supplier partners in developing program opportunities that provide value to both parties while also serving UC's mission to students.

## Approach

As part of this effort to create win-win relationships with suppliers, several UC Procurement Commodity Managers and UC stakeholder groups have worked together to develop student-focused programs that support sustainability. These programs are funded by strategic supplier partners who see the value in supporting UC programs to better manage lifecycle product impacts and/or create process efficiencies.

The Life Sciences Center of Excellence (CoE) has worked with multiple suppliers to negotiate funds for green lab and waste management improvements.

The Professional Services CoE and the UC Procurement Special Programs Manager helped U.S. Bank establish an annual [Student Engagement Fund](#) as part of the UC/U.S. Bank [Expanded Partnership Program](#) to activate projects at the UC campuses that create process efficiencies.

The Facilities & Maintenance CoE collaborated with Office Depot to develop an annual sustainability fund, with a current focus on improvements to reporting and product identification according to robust third-party sustainability standards.



## Results

**\$170,000 in Supplier-sponsored internships in 2019:**

- The U.S. Bank Student Engagement Fund focused on optimizing UC's Procure-to-Pay programs with awards this year going to UCSD, UCSF, UCD and UCOP
- Life Sciences suppliers funded student internships at seven (7) UC campuses to develop Green Lab Action Plans (required by Sustainable Practices Policy)
- Office Depot funded a summer student project to optimize UC's Green Spend reporting and analysis of sustainable product standards in key categories of spend
- Not yet quantified: cost reductions due to implemented efficiencies

**Total Benefit: \$170,000 (student internships)**

# Cesium Irradiator Replacement Program

**Team:** Sean Parker (UC Procurement); Veronica Nelson (Risk Services); Carolyn MacKenzie (UC Health Physicist)

## Opportunity

Owners of cesium-137 irradiators (used for blood sterilization and medical research) are at high risk for safety, security and liability because the highly-radioactive powder they contain can be used by terrorists to make deadly “dirty bombs.” The University of California is one of the largest users and owners of Cesium 137 irradiators, even surpassing the total device count in the European Union.

Recently, the FDA approved the use of non-radioactive X-ray devices for sterilizing blood that provide the same medical outcomes as cesium-137 blood irradiators and cost less.

## Approach

Partnering with the National Nuclear Security Administration, the Office of Radiological Security and Sandia National Laboratories, the University proactively reduced risk by providing new X-Ray devices for continued research at campuses and medical centers.

With a negotiated partnership covering removal costs (a potential \$240k burden), and an incentive of \$135k per new X-ray device, the changeover caused minimal burden and financial impact on individual departments and campuses.

Starting with a baseline benefit of ~\$380k (including supplier discounts), minus a \$270k X-ray unit cost, each device removal and replacement resulted in a 140% benefit.



## Results

Upon completion, these benefits will be realized systemwide:

- Avoided risk and decreased security costs for campuses
- \$7.7 million in avoided cesium remediation costs
- \$3.9 million in replacement rebates earned
- Volume discounts for X-ray devices purchased
- 40 cesium & cobalt devices removed, replaced with 25 new X-ray devices
- Program success due to a three-year collaboration with a total of 12 UC sites, multiple vice chancellors, department deans, researchers and staff

**Total Benefit: \$11.6 Million**

# Autoclaves Service & Equipment

**Team:** Rey Cano-Boza & Greg Muller (UC Procurement); Maria Mazzei & Trevor Smith (UCSF)

## Opportunity

Autoclaves are like big pressure cookers used in medical and research contexts for sterilizing equipment. Due to their importance for sterilization and constant use, it was time to give UC's autoclaves the attention they deserved.

Analysis showed that UC had \$5 million total spend on autoclave service and equipment annually but no systemwide contract, and limited oversight from Procurement.

This resulted in vastly different pricing on the same service from one customer to another, and lack of compliance with prevailing wage. There was also little data on how many autoclaves UC owned (over 1,200!) and their corresponding condition.

## Approach

This commodity had never been addressed from a systemwide level and posed several complications, including variations in business models and differences in the staff roles responsible for maintenance.

As a medically-focused campus, we consulted with UCSF on best practices, designed our own tiered service levels and used the equipment we had knowledge of to compare pricing on a market basket of items. The team chose to award to a single supplier.



## Results

Getinge, a leader in the industry, bid aggressively and beat their own existing pricing, along with adding these sweeteners to the deal:

- \$958K annual savings, over a 5-year contract
- Prevailing wage compliance
- 2%/10 Net-30 early payment discounts
- Mandated reporting to track pricing and equipment moving forward

**Total Benefit: \$4.8 Million**

# Document & Data Management Services

**Team:** Anita Enos & Jiazhi Ma (Strategic Sourcing, UC Procurement), Laurie Sletten (Records Manager, ITS)

## Opportunity

Sometimes opportunity knocks unexpectedly and UC benefits. When Iron Mountain acquired competitor Recall, it gave UC a chance to evaluate the bigger picture and aim for a systemwide Master Service Agreement for document destruction (shredding), storage, and data management services on more favorable terms.

## Approach

The UC Strategic Sourcing team worked with the systemwide Records Management Committee to understand the scope of services needed, review various campus standalone agreements, and conduct an analysis of the total UC spend in this sector.

Working from a more strategic approach and consolidating multiple local agreements and pricing structures into one Master Service Agreement provided numerous benefits. Now all UC locations can take advantage of standardized pricing across the enterprise, more accurate reporting, and updated terms and conditions with better coverage and outcomes.

UC Procurement Services effectively negotiated and executed a five (5) year Systemwide Agreement with Iron Mountain.



## Results

- **Cost Savings** – Annual estimated savings of \$723,000
- **Standardized Pricing** – Throughout UC System (campuses and UC Health).
- **Risk Mitigation** – Updated UC Terms and Conditions of Purchase, Appendix-Data Security, HIPPA Associate, and secure handling & transportation requirements are now incorporated.
- **Program Efficiencies** – Iron Mountain provides UC locations with online access to its web-based customer portal: *Iron Mountain Connect™* to manage and request services at no cost and obtain usage data for reporting purposes.

**Total Benefit: \$3 Million (over 5 years)**

# Third Party Claims Administrative Services

**Team:** Anita Enos & Jiazhi Ma (UC Procurement); Cheryl Lloyd, Kevin Confetti, Gary Leonard, Kim Yozgat, Brenda Lillington, Greer Gustavson, Melissa Burley, Angela DeBortoli (UC Risk Services); Norman Hamill (UC Office of General Counsel); Gabby Renteria and Roger Belcourt (UC Davis); Susan Penney (UCSF); Johanna Klohn (UCLA Medical Center); Dianna Cumpian (UCLA); Chris Richmond (UC Riverside)

## Opportunity

Filing a single insurance claim can feel overwhelming. Now, imagine processing insurance claims for an organization the size of UC, the third largest employer in the State of California...

UC's Third Party Administrator (TPA) claims program is managed by UC Risk Services, and includes Workers' Compensation, GL/AL/EPL/Property, and Professional Liability. The existing TPA contract was ten years old and nearing expiration. Risk Services asked UC Procurement to manage and facilitate a new competitive bid process for this important program.

## Approach

Due to the nature and complexity of the TPA program, it was important to assemble a cross-functional team from UC Procurement, UC Risk, the Campuses and Medical Centers to participate in the RFP process and provide input on future service requirements.

The overall objective of the RFP process was to identify a responsive, goal-oriented and innovative claims administrator that demonstrated integrity, expertise, efficiency, reliability, and the highest level of service to our employees, customers, patients, and partners.

## Client Quote

*"Thanks to UC Procurement for all their hard work! They did a fantastic job in managing this RFP and assisting us through the process."*

—Kevin Confetti, Deputy Chief Risk Officer



## Third Party Administrator (TPA)

**An organization that processes insurance claims and/or handles certain aspects of employee benefit plans for another business.**

## Results

- **Cost Savings** – \$5.56M in total savings over the five (5) year contract term.
- **Fixed Administrative Fees** – Five (5) year flat fee.
- **Reporting** – Enhanced reporting capabilities and advanced analytics.
- **Performance Guarantees** – Supplier agrees to place \$1M of fees at risk for each contract year.
- **Customized Audit Programs** – Quarterly customized audits and summary reports for all three (3) programs.

**Total Benefit: \$5.56 Million (over 5 years)**

# UC Davis: Accounts Payable Invoicing

**Teams:** Accounts Payable Invoicing and Quality Assurance

## Opportunity

For many years, individual department staff members processed invoices. In most cases, those staff members had multiple roles in the department, and invoice processing was not a high priority.

This arrangement led to supplier frustration and:

- consistently late payments
- delinquent accounts
- refusal by suppliers to ship items
- inability to take advantage of early payment discounts, and
- additional workload for Accounts Payable staff.

## Approach

Accounts Payable created a single location where all invoices are processed. This allows for:

- staff trained in one role
- standardized processes
- faster processing time
- higher rate of on-time payments
- ability to claim early payment discounts when offered
- two-way matching
- Fiscal Officer approval bypass
- AP-QA approval bypass
- AP-QA consistent review process for AP initiated docs, and,
- single point of contact for departments and suppliers.



## Results

- Faster invoice processing time
- Reduced number of payment document creators in KFS
- 80% adoption by campus departments
- Processors following consistent procedures
- Fewer supplier complaints
- Department staff able to focus on core mission
- Estimated \$115,400 in savings gained from bypassing Fiscal Officer approval
- Estimated \$34,500 in savings gained from bypassing the AP-QA approval

**Total Benefit: \$149,900**

# UCSD: Payment Compass Completion

**Team:** Nikki Giaquinta, Heather Vinograd, Mike Morganson, Stephanie Chernau (IPPS);  
Martin Krolik, JJ Li (ITS)

## Opportunity

Standardizing how payments are made has really paid off for UC San Diego. UCSD issues over 28,000 non-payroll payments and sets up over 9,000 new suppliers per year.

Prior to launching Payment Compass, each payment application had its own payee registration process based on payment type, some using electronic web forms and others W-9s. These processes often resulted in duplicate efforts on both sides. Additionally, payees lacked visibility into payment status, leading to a high volume of support inquiries (~15,000/year).

## Approach

Begun in 2017 as a key initiative of Integrated Procure-to-Pay Solutions (IPPS) to streamline how payees do business with UCSD, Payment Compass rolled out in stages, starting with accessibility and transparency into payment status.

Next up was streamlining payee registration and invoicing processes for PO-based suppliers, followed by the final phase of replacing separate registration processes for the various payee types with a single registration process for all.

Completion of this ambitious project is the culmination of several years of dedicated teamwork and effective communication across IPPS units and campus clients.



## Results

Completion of the Payment Compass application has simplified the way UC San Diego does business. Plus, it resulted in:

- Increased transparency in payment status for all payee types
- Reduced payment status-related support inquiries
- Automated manual processes related to payee registration and account maintenance
- Supported holistic payment strategies to increase electronic invoicing and electronic payments
- Supported zero waste initiative by transitioning Marketplace Invoicing to a paperless process

**Total Benefit: ~\$15,000 (annual cost savings)**

# UCSD: Cisco SmartNet Maintenance Renewal

**Team:** Bryan Hurley (IPPS) & Sheryl Gerbracht (ITS)

## Opportunity

Being smart about Smartnet is a strategy that equals savings at UC San Diego. UCSD uses Cisco Smartnet Maintenance on a large portion of the hardware in the campus production and wireless network.

By contract, Cisco was providing a 32% discount off-list on this maintenance. But we discovered that Cisco delivered even higher discounts on multi-year deals.

## Approach

Our team reached out to Cisco to negotiate. We were quoted a discount of 37% off-list for a 3-year contract and a 41% off-list discount for a 5-year commitment.

To capture these savings, we contacted Key Government Finance and requested a 5-year finance deal at 0% interest.

Cisco also agreed to buy down the \$106,879 in interest to \$0. The additional 9% off-list discount on SmartNet Maintenance comes out to a savings of \$378,633, bringing the total Benefit to \$485,285 on our 5-year contract renewal of \$1,328,258.



## Results

- Cost reduction of \$378,633 (9% of list)
- Cost avoidance of \$106,879 (0% Interest)
- Avoidance of any Cisco price increases for five years
- Asset tracking for five years with LaSalle Asset Management Platform (LAMP) which tracks assets throughout their lifecycle for cost savings

**Total Benefit: \$485,285**

# UCSD: Package Tracking Software Implementation

**Team:** Ivy Deane, Tu McClurg, Robbie Jacob, Jeremy Meadows (IPPS)

## Opportunity

A current key initiative and strategy for Integrated Procure-to-Pay Solutions (IPPS) is to save costs and generate revenue by launching a 'last mile delivery' solution within the Logistics department.

A main goal of this strategy is to realign all individual logistics units (student mail, campus mail, receiving and distribution, outbound shipping) into one larger Logistics organization.

As a first step toward this goal, UC San Diego's Receiving & Distribution, in partnership with the IPPS Technology Program Management team, launched a new package tracking software – SC Logic.

## Approach

We took a grassroots approach from the beginning, enlisting subject matter experts from across our logistics units to actively participate in the design and configuration of the solution.

Approaching the project in this way brought cohesion to the teams and facilitated a smooth transition and implementation of the software.



## Results

- Increased package visibility
- Better tracking/delivery experience for campus clients
- Annual cost savings of \$16,250
- Enhanced UI delivery verification in handheld
- Improved client communication on delivery status and confirmation
- Reduction in error rate (0.44%)

**Total Benefit: \$16,250 (annually)**

# UCSF: Campus-wide Card Reader Upgrade

**Team:** John Arbolino, Christina Morache, Advait Godse (Supply Chain Management);  
Greggory Sprowl, Patrick Borg (Facilities)

## Opportunity

UCSF has more than 3,000 card readers and 30,000 active cards issued to staff, students and other support roles on campus and in the medical center. The current system was obsolete and needed an upgrade.

Card readers are now ubiquitous but they can be easily manipulated so it's in the best interest for the University to stay on the cutting edge of electronic security. Threats to our organization come in many forms and secure cards and card readers are vital to keeping the University safe.

## Approach

Supply Chain Management collaborated with UCSF Facilities to determine the requirements for the Card Reader Request for Proposal (RFP).

Together, we shortlisted possible vendors and ran a quick RFP. The contract was awarded to Microbiz.



## Results

Supply Chain Management negotiated:

- Better pricing
- Deliverables distribution over quarters to eliminate inventory holding costs for UCSF
- Cost savings of \$76,400

**Total Benefit: \$76,400**

# UCSF: Privileged Access Management

**Team:** Susan Riddle, Advait Godse (Supply Chain Management); Jane Wong, Sian Shumway, Jesse Anderson, Lalit Lakshmanan, Kevin Dale, Christian Sisenstein, David Carcamo (UCSF IT); extended members of UCSF Privacy, UCSF Risk Management, UCSF Legal

## Opportunity

UCSF Central IT is leading an initiative to streamline and secure access to servers and workstations at UCSF. The scope of this project is to implement a centralized, privileged-access-management solution for elevated user accounts via the Active Directory on servers (Windows and Linux) and implement least-privilege user access to workstations with the removal of administrator accounts.

## Approach

UCSF ran an RFP to identify available commercial software packages providing the required capabilities. The goal was to select and implement the best-fit solution internally, and then offer it as a service to other IT departments and schools at UCSF.

## Negotiation Strategy

The RFP process drove very competitive pricing from the selected supplier. We achieved additional discounts with an upfront payment on three years of maintenance and support.

Timing the negotiation with year-end sales goals produced more supplier concessions in the contract negotiation.



## Results

Following an RFP and product demos with RFP finalists, UCSF Supply Chain Management awarded the contract to CyberArk, and negotiated favorable pricing and terms:

- Cost savings of \$1.7M
- Piggyback language for UC Campuses and Health
- Pricing held for two years for UC Campuses and Health

**Total Benefit: \$1.7 Million**

# UCSF: Symantec Update & Renewal

**Team:** Susan Riddle, Jane Wong, Pat Phelan, Toby Barber, Steve Young, Manish Sompura,  
UCSF IT Networking, UCSF IT Security

## Opportunity

Sometimes it really pays to start over. The UCSF Campus and Medical Center had been using Symantec Blue Coat as a Secure Web Gateway solution.

The agreement had locked in strong price discounts initially, but the December 2018 price quote to renew and update the software in Spring 2019 was much higher than anticipated. Given the critical nature of this security software, UCSF IT looked to UCSF Supply Chain Management to control the pricing and allow for continuous security coverage.

## Approach

UCSF Supply Chain led UCSF IT in issuing and evaluating an RFP for Secure Web Gateway solutions to drive competition. The RFP targeted market leaders in Secure Web Gateway solutions as identified in the Gartner Magic Quadrant.

## Client Quote

*"The secure web proxy technology is a key security control that adds inline protections to protect staff from Internet attacks as well as integrates into other security solutions and services which enrich threat detection and identification."*

– Toby Barber, Information Security Architect, UCSF



## Results

Symantec was the most competitive bidder, and with additional negotiations across security-focused value-added resellers, UCSF Supply Chain Management ultimately:

- Achieved a cost avoidance of 20 percent.
- Partnered UCSF with a value-added reseller that will monitor our Symantec usage and assist with renewals, co-terms, and forward-thinking strategy.
- Executed the RFP and negotiations in less than three months to meet UCSF's need to maintain continuous security coverage.

**Total Benefit: \$588,000**