

Impact Report

Procurement Working for UC

Produced by
UC Procurement

power of collective spend

strategic
sourcing

opportunities

commitment

cost savings

benefit

collaboration

expansion

efficient

systemwide

category expertise

cost avoidance

leverage

sustainable

incentives

partnership

UC Procurement: Maximizing Value & Optimizing Spend



Dear Colleagues,

Each year, the University of California Procurement and Supply Chain teams help administrators, faculty and students purchase over \$9 billion in goods and services in support of our mission of teaching, research and public service.

While our teams prioritize client needs, we are also proud of our sustainable procurement practices and supply chain strategies that leverage UC's vast purchasing power to optimize spend, resulting in significant savings for the University.

Thank you for your partnership in our continued success.

William M. (Bill) Cooper

Associate Vice President & Chief Procurement Officer
University of California, Office of the President

Contents

This **Impact Report** highlights UC Procurement initiatives implemented during July – December 2020. These projects detail benefit delivered in support of UC's mission of teaching, research and public service.

UC Davis: Using Tableau in Business Reviews	p. 3
UCLA: Pharmaceutical Oncology Drugs RFP	p. 4
UC Riverside & ePro: Pioneering a Sysco Punchout Catalog	p. 5
UC San Diego: COVID-19 Self-Test Vending Machines	p. 6
UC San Diego: Consolidated Student Mail	p. 7
UCSF: Supply Chain Management Response Team	p. 8
UC Santa Cruz: P-Card Incentive Revenue Increase	p. 9
UC Procurement Systemwide: Print Goods & Services	p. 10

UC Davis: Tableau in Business Reviews

TEAM: Supply Chain Management Leadership Team | SCM Data Analysis Team

Opportunity

Previously, when conducting business reviews with colleges, schools and departments, UC Davis Supply Chain Management (SCM) used single-sheet printed trifolds to display data analyzing year-over-year spend, top suppliers, travel, etc. While this approach provided valuable visuals and helped build client relationships, we wanted to offer richer and more meaningful data to answer questions and address concerns.

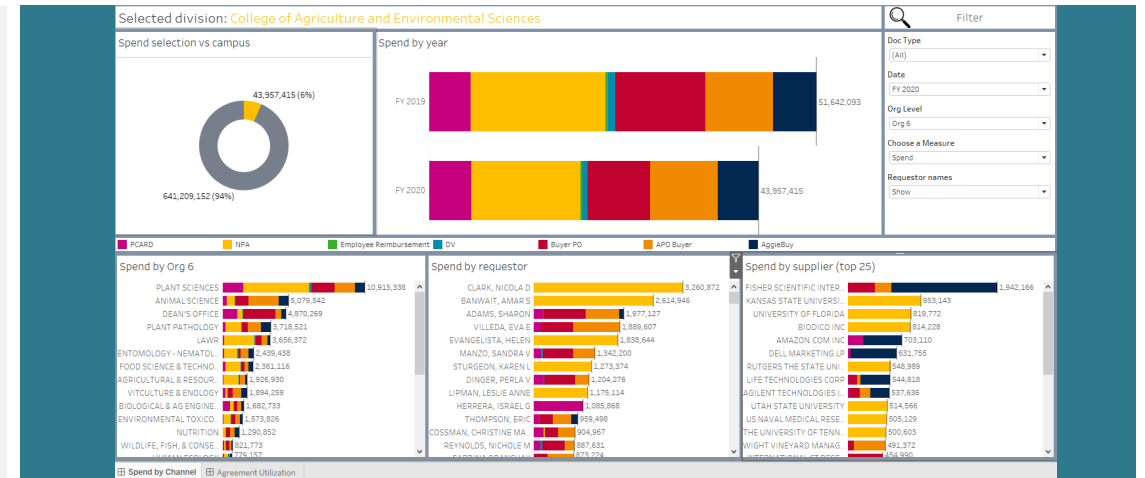
The remote working environment of the pandemic forced the need to present data in a Zoom-friendly way and increased our motivation to find a better method for providing data analysis to start these important conversations with clients.

Approach

Our Data Team chose *Tableau* – software that provides a simple visualization of data in an interactive way. We focused on creating dashboards for these key areas:

- Overall spend
- Use of Agreements
- Turnaround time for purchase orders and agreements
- Travel spend
- AggieShip use – our online system for processing outbound shipments

Each dashboard can be filtered down by college, school or department. In Business Review meetings, we use live dashboards to discuss areas in depth. As questions arise, we can display minute details like items purchased by specific individuals, or high-level information like a school's top 25 suppliers or departmental use of a Travel or Purchase Card. Soon, these dashboards will be available to the campus community through the 'AggieDash' project, and our clients will be able to access this data anytime and adjust business practices accordingly.



Results

Using Tableau in our Business Reviews has led to important improvements:

- More meaningful conversations with department financial leaders
- Revelation of areas of excellence and areas needing improvement
- Meaningful data to support needed shifts in business practices and culture
- Uncovering of areas needing specialized SCM outreach – i.e., promoting greater use of Purchase Cards to better track professional expenses
- Increased direct communication and more accurate messaging to those responsible for purchasing, travel and shipping

Total Benefit: Richer data resulting in better business practices

UCLA: Pharmaceutical Oncology Drugs

TEAM: UCLA Strategic Sourcing | UC General Counsel & UCLA Campus Counsel | UCLA School of Medicine Hematology and Oncology | UCLA Ambulatory and Community Practices Clinics | UCLA David Geffen School of Medicine Dean's Office

Opportunity

In 2016, McKesson won a competitively bid contract for oral oncology drugs. This past year, as that 2016 agreement approached the end of its maximum term, the landscape had changed dramatically.

The book of business had grown from \$15M annually to \$235M in the past 12 months alone. Locations now include 16 oncology physician clinics from San Luis Obispo in central California south to Irvine in Orange County.

A 17th clinic in 'The Bloc' shopping center in downtown Los Angeles had just opened, and two more clinics are expected to open this year in Santa Barbara and Marina Del Rey. Besides adding new clinics, volume continues to grow at existing clinic sites.

The UCLA Pharmaceutical Drugs RFP contemplated a contract that would last for up to 12 years – with an initial term of 10 years (total spend = \$2.5B), and an option to renew for 2 more years.

Approach

The UCLA Campus Pharmaceuticals RFP was issued on January 24, 2020. Three large distribution companies: Amerisource Bergen Corporation, Cardinal Health and McKesson Specialty Care (incumbent), were invited to participate. All three distributors submitted proposals for consideration.



Results

Using a best value method of award, McKesson won the competitive bid for a total benefit of \$87M over 10 years, based on various factors including:

- 384 comparable pharmaceutical drugs (90% of total spend).
- 5% incremental annual growth, incentives, conversion costs, product security.
- Integration of Lynx Machines at no additional cost.
- Automatic re-ordering and revenue management cycle.
- Manufacturer quarterly & biosimilar rebates, annual volume tier savings
- Terms for a new expensive drug (N90).

Total Benefit: \$87M (over 10 years)

UCR & Systemwide ePro: Pioneering a SYSCO Foods Catalog

TEAM: UCR Procurement Services | UCR Dining & Hospitality Services | UCR Business & Financial Services | UC Systemwide eProcurement | Jaggaer | Sysco Foods

Opportunity

UC Riverside food orders did not follow normal Procure-to-Pay (P2P) procedures. Chefs placed dining orders directly with Sysco Foods and after delivery, Dining Services manually created a Purchase Order for the total amount (with no order details) to pay the emailed invoice. The order volume was large – 2765 transactions in FY 18/19, and 2055 transactions in FY 19/20.

With goals of reducing labor, streamlining the P2P process, and increasing spend visibility, UC Riverside asked the UC Systemwide eProcurement (UC ePro) team to create a Sysco Foods catalog within UCR's eBUY (Jaggaer) procurement system.

Approach

Neither UC or Jaggaer had created a Sysco Foods catalog before. Jaggaer had high demand for a food service supplier within their platform but had been unsuccessful in a previous attempt to develop a Sysco catalog. Despite that history, the cross-functional team of Jaggaer, UC Riverside and UC ePro was happy to learn that Sysco's eCommerce team was eager to make another attempt.

After multiple collective brainstorming and trial and error sessions, this determined team negotiated a final solution that worked well for all parties. UCR chefs now order directly from a Sysco Foods catalog within the UCR eBuy system. In Phase Two, Sysco invoices will be automated within the UCR Transcepta system, resulting in additional time and cost savings.



Results

All project participants benefited – truly a win-win-win outcome!

- **UCR:** Cost reduction, improved efficiency, order detail visibility, and audit appropriate procure-2-pay processes
- **Sysco:** Faster payments with fewer errors
- **Jaggaer:** Finally has a platform-enabled food service supplier
- **UC Systemwide ePro:** Modeled a new campus partnership opportunity
- A cross-functional collaboration and negotiated solution by UC Systemwide ePro, UCR, Jaggaer and Sysco that meets the needs of all

Total Benefit: Cost reduction for UCR, food service supplier for Jaggaer, faster payments for Sysco

UC San Diego: COVID Self-Test Vending Machines

TEAM: IPPS Logistics (Robbie Jacob, Shawn Knepple) | IPPS Procurement (Maggie Grey) | Student Health (Lisa Joyner, Angela Scioscia) | Office of Operational Strategic Initiatives (Bob Neuhard, Brad Sollenberger)

Opportunity

Imagine having a free self-administered COVID-19 test available within a 5-minute walk of where you live or work? That's exactly what UC San Diego accomplished with its Self-Test Vending Machine program for anyone living or working on campus. This means they can pinpoint a positive COVID-19 test result safely and effectively before the virus has a chance to spread to others.

These vending machines offer free and easy access to COVID-19 testing for students, faculty, and staff 24 hours a day, 7 days a week. The machines accept valid Campus ID Cards which link the kit to the user and track test results. Secure self-test drop-off boxes and sanitizer stations accompany each vending machine for added convenience and safety. A team of 30 Logistics staff operate the program 7 days a week. Logistics duties include preparation of the test kits, refilling the vending machines (2+ times/day), and collecting the test samples from drop boxes and delivering them to labs for processing (3 times/day).

Approach

Integrated Procure-to-Pay Solutions (IPPS) Procurement and Logistics teams, experienced in collaborating on innovative supply chain solutions, worked together to identify an appropriate vending machine supplier, negotiated contracts, scouted strategic locations, and pivoted Logistics resources to expedite the launch of 11 self-test vending machines at UC San Diego in time for the start of winter quarter in January 2021.

“By eliminating the need for appointments and health-care staff to administer testing, we have dramatically increased the number of daily tests being performed.”

— Chancellor Pradeep Khosla



Photos by Erik Jepsen, Copyright © the Board of Regents of the University of California

Results

- Deployment of 11 vending machines, with plans to increase to 25
- Distribution of 1400 COVID-19 test kits in vending machines daily
- Quick and easy 24-hour access to COVID-19 test kits
- Efficient Logistics operations speed up test result turnaround times
- Collaboration between FM, Student Health, OSI, ITS, RMP, EH&S & EOC
- Procurement negotiations saved 14% off original supplier quote
- Labor and cost savings – \$48,260 monthly savings & \$94,080 monthly cost avoidance
- [Read more about how UCSD is mitigating COVID-19 spread on campus](#)

Total Benefit: \$872,000 (cost reduction - FY2021)

UC San Diego: Consolidated Student Mail

TEAM: IPPS Logistics (Tim Wheeler, Kristen Weidler, Scott Driscoll, Scottie Profitt, Joy Choi) | IPPS Procurement (Andrew Bunker, Rebekah Atkinson) | IPPS CXM (Leah Negrete, Kacy Marume) | IPPS Tech PM (Ivy Deane) | Information Technology Services (Steven Higgins, Dee Seneviratne, Dana

Deane)

Opportunity

Historically, Student Mail's operations involved staffing individual parcel centers located within each college community at UC San Diego. This process is labor-intensive, limited in access, and provides no additional services. With an anticipated 7% yearly increase in student package volume over the next four years, IPPS Logistics, with IPPS Procurement and IT Services, is evolving the current Student Mail experience to absorb this growth.

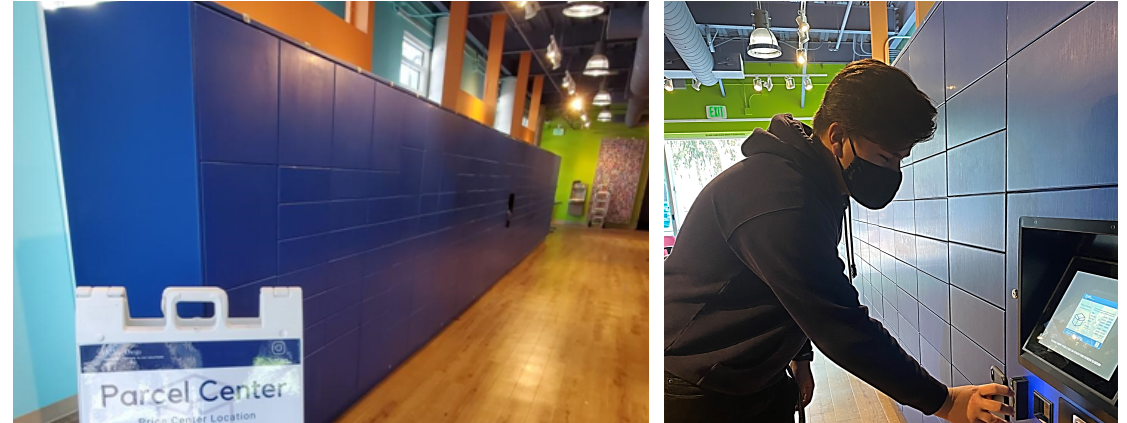
"Our strategy is to implement a consolidated, centralized Student Mail solution that transforms the student mail process into a holistic operation with advanced technology, increased safety, and expanded service levels." —Tim Wheeler, Associate Director, Logistics

Approach

First, we consolidated individual undergraduate college parcel centers into three strategic locations on campus. Next, we used the parcel center closest to the campus center to pilot a contactless smart locker system that provides a self-service package pickup option for students. The immediate success* of the smart locker system gave us proof of concept to begin the next phase of extending the locker system to more locations, with the goal of providing 24/7 access, 365 days a year for parcel pickup.

Future phases of consolidated student mail will expand service offerings and transform the central hub into a Logistics Headquarters for all logistics needs. We're already implementing plans to move our full-service, retail Mailing Center to this central location to be managed under Student Mail.

**Although Student housing capacity is only at 65% during COVID, there's been a 95% increase in package volume over last year and continues to be record-breaking package volume at the rate of 9K+ per month. The pilot locker bank with only 229 lockers accessible 30 hours/week accommodates current peak volume at a package turn rate of 2x per day.*



Results

- Labor and cost efficiencies (\$125K savings)
- Increased revenue generation (\$126K projected income)
- Contactless experience adheres to COVID-19 safety protocols
- Strategically placed locations
- Increased accessibility
- Expanded service offerings at central location (Student Mail, Mailing Center, Moving Services, Student Storage, etc.)
- Collaboration with ITS to implement new locker technology
- Future strategic partnerships with Bookstore, Imprints, and Student Health to expand parcel pickup beyond the student population

Total Benefit: \$251K (annually, in first phase)

UCSF: Supply Chain Management Response Team

TEAM: SCM Communications & Customer Experience Team = Carol Tady, Jasmine Gergis, Philip Nguyen, Laura Morsony, Josie Ip, Anthony Meno, Heather McCormick, Lucky Cortez, and Project Manager, Eli Dominguez.

Opportunity

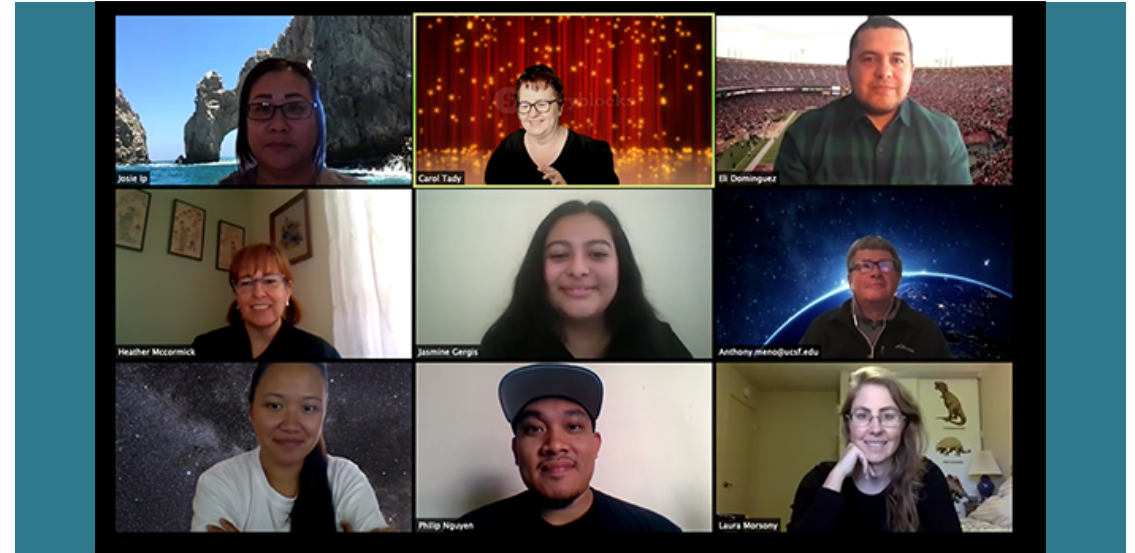
Supply Chain Management (SCM) had been considering insourcing Accounts Payable (AP) customer support for some time. SCM had been paying IT \$400,000 per year to handle AP Tier One support. When the pandemic hit, SCM accelerated and expanded the plan to speed efficiencies and cost savings.

Approach

Instead of only supporting Accounts Payable, we expanded the program to cover all SCM customer inquiries and issues. We identified five subject-matter experts from SCM units (Accounts Payable, Strategic Procurement and Logistics) to form the new SCM Response Team, reporting to the Communications & Customer Experience Supervisor. A project manager and customer experience analyst joined the team to keep things on track and help make informed decisions.

Now, two new intake forms – one for internal customers and another for external customers – automatically creates tickets and gathers information within ServiceNow. The team is cross-trained with each other as well as with other SCM units. Starting in July 2020, the Response Team gradually took over responding to tickets. By August, the team had fully taken responsibility for all SCM support.

The team triages tickets and identifies those they can answer and those that need escalation. The team expertise means that fewer tickets need escalation to other SCM units. Now, units like AP spend less time answering tickets and more time handling daily duties.



Results

- By February 2021, the Response Team had resolved 5,621 tickets
- Average resolution time is 2.03 days
- The team uses a combination of data, team input and cross-training to improve processes and serve our customers
- The number of tickets escalated past Tier One has dropped by more than 50%
- The team is developing a knowledge base and helping inform the communications team in creating content for a website remake.

Total Benefit: \$400,000+ (annually)

UC Santa Cruz: P-Card Incentive Revenue Increase

TEAM: Procurement Services (Emerson Murray, Jen Neal, Kathleen Rogers, Nancy Nieblas, Alea Lampman, Lisa Dodd, Lauren May, Deb Newman, Yamindira Kanagasundaram, Andrea Smith, Keenan Dalton) | Accounting Services (Ed Moran, Matt Kling, Scarlett Schwarz) | Campus Controller's Office (Maria Parrish) | Enterprise Financial Systems (Monique Leduc) | Student Assistants (Don Taylor, Harshul Srivastava)

Opportunity

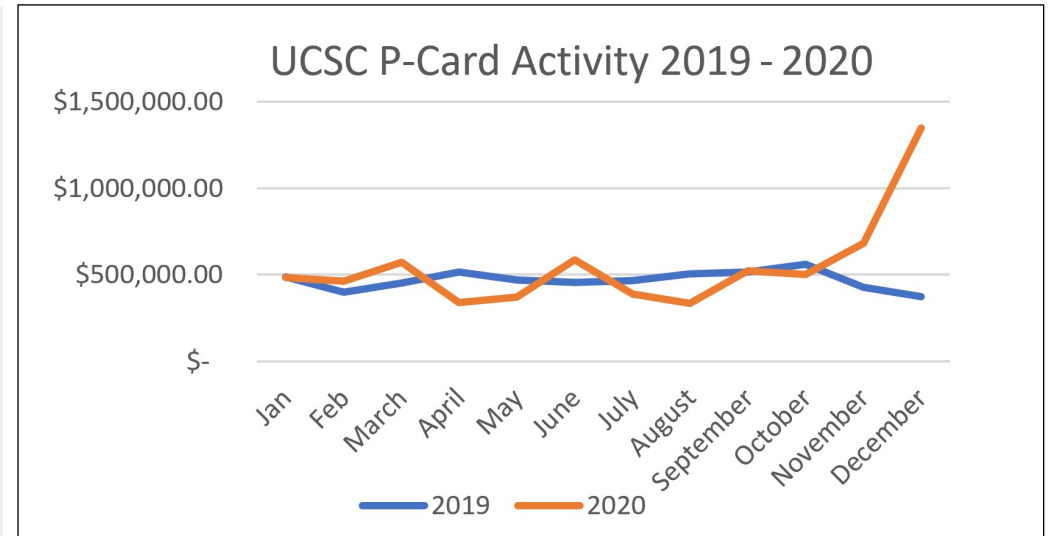
UCSC had not been taking advantage of the amazing rebates and incentives under our partnership with U.S. Bank. U.S. Bank rebates purchases that are processed on P-Cards, which meant that about \$500K in potential revenue was being left on the table. To address this gap, UCSC submitted a project proposal aimed at expanded use of P-Cards, CTE-Cards and Payment Plus to the UC/U.S. Bank Student Engagement Fund. Upon receiving full project funding, we began implementing strategies to actively leverage the use of P-cards.

Approach

Over the last four months, Procurement has reevaluated everything through the lens of expanding P-Card use across campus and within Procurement and AP processes to maximize rebates and incentives.

Procurement buyers have been issued P-Cards with higher-dollar limits to enable increased P-Card purchasing and get items to campus clients faster. We've switched to using P-Cards with many high-spend and large utility vendors, and Procurement and AP have teamed up to identify other existing suppliers that will accept P-Cards. Business Contracts now encourages suppliers to accept P-Cards, and Strategic Sourcing is working with campus clients to find suppliers that accept P-Cards. We're also expanding P-card use on transactions that were previously restricted, resulting in even more P-Card revenue.

In addition, we're broadening payment options within our AP processes to include Ghost Cards and Payment Plus. These extended options increase efficiency and reduce risks, enhance controls and compliance with near real-time monitoring of activity, and improve secured delivery of automated payments to our suppliers. Furthermore, we're working with Banner and Jaggaer to integrate P-Cards into our Procurement and AP processes and platforms.



Results

Despite an overall decline in spending and travel essentially disappearing, UCSC was able to stabilize our incentive revenues in 2020 through these actions:

- A 269% increase in P-Card activity from October to December 2020.
- Use of P-Cards with high-spend vendors, including a near \$1M transaction.
- Use of P-Cards with large utility spends, and with an upcoming \$3M spend, without significant add-on charges.

Total Benefit: Significantly increased revenue through expanded P-Card use

UC Procurement Systemwide: Print Goods & Services

TEAM: UCD (Britany Duyanovich) | UCI (Kent Schofield) | UCLA (Soren Bondesen, Todd Weber) | UCSD (Gina Webb) | UCSF (Mike Brower, Joanne Petersen) | UCSC (Bill Kasper) | UCOP (Neil Kronenthal, Matthew Linzer, Yvonne Tevis, Judy Thai, Michael Wegmann)

Opportunity

As a large university system, UC utilizes massive amounts of print goods and services so a competitively bid systemwide contract for these expensive and technical items is wise. Purchasing through a UC systemwide agreement eliminates guesswork and worry for campus departments because they are assured of getting the best price, quality and service.

Upon expiration of the previous 5-year print systemwide contract, the UC IT Strategic Sourcing Team and the UC IT community collaborated on a new systemwide RFP for Print Goods and Services, including Multi-Function Devices, Laser Printers, Production units and a wide range of other goods and services. Also, working as a lead agency through OMNIA Partners on this new RFP offered UC an opportunity for revenue generation.

Approach

UC IT Strategic Sourcing led a dedicated team of 13 subject matter experts and procurement specialists from across UC locations to:

- Determine UC needs and priorities
- Conduct an exhaustive RFP
- Evaluate supplier responses
- Identify the highest quality solutions for the best prices and terms.

UC Procurement's collaboration with OMNIA Partners also makes these agreements available for use by other public agencies, including state and local governments, public and private primary, secondary and higher education institutions, and many other nonprofit organizations across the nation.



Results

UC Procurement awarded three suppliers: Canon Solutions America, Ricoh USA Inc., and Xerox Corporation (5-year initial term / 5 optional annual renewals).

Buying through these agreements offers these significant benefits:

- **Lower Costs** – fixed pricing + improved pricing discounts
- **Speed & Ease** – simply choose the product, buy, and install. No further competitive bidding or comparison needed.
- **Flexibility** – find the best product match with three supplier options.
- **Reduced Risk** – T&Cs aligned with UC's needs and compliant with policy and law, including UC Appendix DS and Appendix BAA.
- **Revenue** – OMNIA Lead Agency partnership results in income for UC.

Total Benefit: \$11M (over initial 5-year term)