

Impact Report

Procurement Working for You

collaboration

efficient

category expertise

leverage

power of collective spend

cost avoidance

expand

commitment

benefit

sustainable

opportunities

cost savings

strategic

incentives

systemwide

partnership



Sponsor's Message

Dear Colleague,

Each year, our 230 University of California procurement professionals partner with fellow administrators, faculty and students to purchase nearly \$7 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.

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.

UCB Sungevity Partnership	page 3
UC Dairy Collaboration	page 4
UCSD Pricing Analysis	page 5
UCSD Cisco Discount	page 6
UC Travel Car Rental Renewal	page 7
UCR 605 Hitachi 8TB Hard Disk Drives	page 8
UCR Cryostat Machine	page 9

UC Berkeley Sungevity Partnership

Team: Solly Fulp, Executive Director of the University Partnership Program; Rich Taylor, Supply Chain Management; Chris Reilly, Berkeley Energy and Resources Collaborative; Matt Terwilliger, California Alumni Association; Kira Stoll, Office of Sustainability; Susan Gregory, Lawrence Hall of Science; Justin Panarese, Intercollegiate Athletics

Opportunity

Berkeley had been exploring opportunities to incorporate solar energy into construction, research, and education with hopes of reducing expenses and making long term investments in sustainability. Prior to this initiative, the campus had small department driven agreements which provided \$46,000 per year in revenue for program support through sponsorship.

Approach

Berkeley's University Partnership Program (UPP) connects industry with the university to build dynamic, meaningful partnerships through interdepartmental collaboration. This teamwork enables the campus to achieve greater total benefits. Through solicitations to solar industry leaders and negotiations that included stakeholders across campus, the University was able to greatly increase the scope and breadth of a sponsorship agreement, providing increased services and support to the Cal community. Supply Chain Management played a major role by developing contracts and creating templates and processes which are serving as a baseline for future University partnerships.

Client Quote

"Sungevity was the clear choice as UC Berkeley's solar energy partner. Not only do we share a rich history with many of its founding employees being Cal alums, but the company's authentic passion and commitment to UC Berkeley's sustainability ensures that our interests are strongly aligned," said VCAF John Wilton.



Results

- 10 year partnership with Sungevity, Inc., designed to help Berkeley meet its carbon neutrality goal by 2025. This partnership focuses on reducing the regional carbon footprint by expanding renewable energy to the larger community through innovative solar programs.
- \$500 discounts to faculty, staff, alumni for Residential solar installations plus \$800 donations to Berkeley
- Collaboration with Berkeley Energy and Resources Collaborative (BERC) and Sungevity on sustainability programs

Total Benefit \$4M over 10 years

UC Dairy Collaboration

Team: Eric Pollack, Food and Hospitality Commodity Manager- UC Procurement- Oakland; Steve Casad and Stephen Pflugst, Housing & Hospitality and Yvonne Macon, HDS Buyer- UCSD; Cheryl Garner, Dining, Catering and Conference Services and Matt Burke Dining and Procurement Services Departments- UCR

Opportunity

UCR and UCSD were planning independent bids for their residential and retail dairy programs. Previously, both campuses were using separate dairy vendors with varied results. Eric Pollack, Food and Hospitality Commodity Manager at UC Procurement- Oakland, saw an opportunity to pool the volumes together by incorporating and piggybacking the existing UCOP agreement with Sysco Foods.

Approach

Eric collaborated with key members of UCSD and UCR Dining and Procurement Services Departments in order to put together the program. Since there was already a broadline foodservice distributor program in place, a direct manufacturer program was negotiated with Alta Dena that broke down the cost by various key components (raw product, packaging, labor, refrigeration, shipping, etc). These cost breakdowns, in addition to the previously negotiated \$/case markup with Sysco, afforded an extremely well written program that resulted in dramatic savings.



Results

- The estimated annual savings for UCSD and UCR respectively is \$134,962 or 31% and \$69,021 or 32%
- All products qualify as UCOP Sustainable Purchases
- Utilizing Sysco as the distributor eliminated an additional delivery truck visiting each campus
- Successful collaboration between UC Procurement- Oakland, UCR and UCSD Dining and Procurement Services

Total Benefit ~ \$204,000 annually

UC San Diego Pricing Analysis

Team: Tim Wheeler and Josh Karpen, Integrated Procure-to-Pay Solutions; Varun Koganti, High School Summer Intern

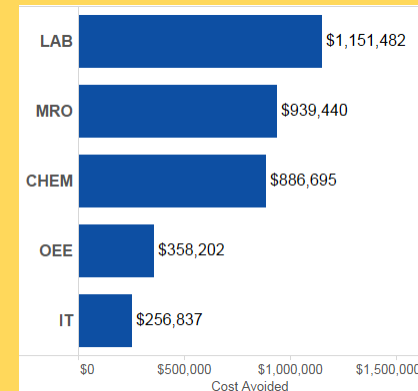
Opportunity

Historically procurement had not compared agreement supplier pricing or performance at the individual SKU level with pricing available via the internet. Many across campus perceived Amazon (and other online retailers) as offering a 'better value' including lower pricing. This can lead to rogue spend, reduced agreement efficiencies, and can devalue what procurement can provide to the campus. Additionally, procurement's return response regarding questions about pricing was anecdotal, primarily a theoretical explanation of total cost of ownership.

Approach

To assess the performance of the top agreement items and to demystify client perceptions, the Integrated Procure-to-Pay Solutions' (IPPS) Analytics team set out to perform a Pricing Analysis Study against the most frequently purchased agreement items. The team worked with commodity managers for background and insight on each commodity. A high school summer intern assisted with extensive online research of pricing available from leading competitors. The top commodity areas reviewed were life sciences (lab and chemicals), office supplies, IT, and maintenance, repair, and operations (MRO). Following this pricing research, the data was analyzed and presented through Tableau, a data visualization software.

Cost Avoided



Results

- Confirmation that agreement supplier pricing for the most frequently purchased items are competitive, and are lower than what is available from online retailers 80% of the time
- Cost avoided by purchasing top items from agreement suppliers instead of purchasing lowest priced alternatives from comparable online suppliers: \$3.6M
- Average of 16% avoided cost when agreement price was the lowest priced option

Total Estimated Benefit \$3.6M

UC San Diego Cisco Discount

Team: Bryan Hurley, Integrated Procure-to-Pay Solutions and Administrative Computing and Telecommunications Management; UC San Diego Medical Center; Cisco

Opportunity

Currently the University receives a 50% discount off list prices on the purchase of Cisco hardware. UC San Diego's Administrative Computing and Telecommunications (ACT) was made aware of an agreement that the UC Medical Centers were working on with Cisco. The agreement would produce a 63% discount off list prices on large scale planned and forecasted purchases. UC San Diego's ACT pursued an opportunity to be part of that agreement.

Approach

Bryan Hurley of Integrated Procure-to-Pay Solutions (IPPS) worked in conjunction with ACT senior management and attended meetings with both the UC San Diego Medical Center IT department and Cisco to understand the program and investigate participation. These meetings with the UC San Diego Medical Center helped ACT get included in the larger contract between Cisco and UC Medical Centers. As a result, Cisco offered the main campus the 63% discount in advance of the Medical Center deal being finalized.



Results

- Increased collaboration between UC San Diego and UC Medical Centers
- UC San Diego's discount on Cisco hardware increased from 50% to 63% off list price through 06/30/2016
- \$159,508 in benefits recorded since 09/16/2015

Total Estimated Benefit \$800,000 - \$1M for FY 2015/16

UC Travel Car Rental Renewal

Team: Debra Almason, UC Travel Management Services; Enterprise Holdings; National Nuclear Security Administration

Opportunity

UC Travel Management renewed the exclusive Enterprise Holdings (Enterprise and National Car Rentals) guaranteed rate contract for an average daily rate that will not exceed \$37.75 everywhere in the U.S. for UC employees, contractors and guests. This represents an additional fifty cent reduction per day, which adds up to significant savings potential for the university.

UC's car rental days for 2015 were tracked at 107,200.

Approach

UC Travel Management and Enterprise Holdings have identified a unique opportunity to increase overall number of car rental days above those of 2015 by collaborating with National Nuclear Security Administration (NNSA) in order to maintain the new guaranteed rate over the next contract year.



Results

- Rate will not exceed \$37.75 for mid-size vehicles domestically (does not include truck, cargo van or 15 passenger van rentals)
- Rentals are automatically covered through Enterprise Holdings insurance as approved by UC Risk Services
- Enterprise Holdings guarantees no black-out days
- Allows for forecasting and planning for travel budgets

Total Benefit ~\$53,600 annually

UC Riverside 605 Hitachi 8TB Hard Disk Drives

Team: Mike Lee and David Gee, Procurement Services; Chuck Rowley and others, Computing & Communications Dept.

Opportunity

The client requested Hitachi 8TB Hard Disk Drives with a quantity of 605 each from a vendor with which it frequently does business. The Procurement Specialist recognized these drives as being in common retail circulation and that they would be available from multiple sources at competitive prices.

Approach

Collaboration with the department led to a formal bid. Using SRS, the RFX received seven responses, including one from the department preferred vendor. Time was critical to the success of their project, so price and delivery time were key factors in the determination to utilize Best Value methodology as the basis of award. Since typical resellers would not stock 605 high-end hard disk drives at any given time, the bidders were required to provide an assurance that they could provide the full quantity being purchased and make a single shipment delivery for maximum freight efficiency.



Results

- The winning response provided the best delivery at 2 days after receipt of order
- As a result, the University was able to realize a significant cost reduction

Total Benefit ~\$67,200

UC Riverside Cryostat Machine

Team: Katherine Inglett, Purchasing Dept; Sika Zheng, Principal Investigator, School of Medicine

Opportunity

A School of Medicine Principal Investigator(P.I.), ordered a Cryostat from a supplier back in June and was not happy with the performance. He contacted the supplier on his own numerous times (4+) to get technicians out to calibrate the machine on three separate occasions over a period of two months. At the beginning of September, the P.I. reached out to the Procurement Specialists for help. After reviewing the facts, the Procurement Specialist determined that the treatment and time lost was not acceptable and pursued the acquisition of a new machine.

Approach

Due to the patience that the P.I. had already exuded, the Procurement Specialist took another approach. She started with a succinct email to the supplier rep, his counterparts and included UCR Procurement Services management. The email clearly stated the issue at hand, the expectations (that were not being met) and the desired result. After a few days the supplier offered the P.I. a higher caliber machine, but at a cost that was \$5,000 more. The P.I. was not happy to pay more, but he needed a working machine to proceed with his research. Procurement was able to successfully negotiate a new Cryostat machine avoiding the \$5,000 cost.



Old- NX50



New-HM525

Results

- The department avoided the \$5,000 cost
- Procurement Specialist improved relations between the supplier and the P.I. and strengthened goodwill between UCR faculty and Procurement Services thereby giving emphasis to continuous supply support
- The Procurement Specialist exercised problem-solving abilities to elevate customer service relations

Total Benefit \$5,000

Thank You

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