Total UC Benefit: Mission

University of California Mission:

– To expand opportunities for teaching, research and public service

– Delivering savings and efficient procurement services across the UC system is a strategy to support the mission.
Total UC Benefit: **Definition**

**Definition:**
- Total UC Benefit is defined as the total *annual* benefit generated by procurement actions.
Overall **Program Guidelines & Best Practices**

**Program Guidelines**

– Measure and report your contributions  
– Be conservative in your measures  
– One procurement activity can result in more than one kind of Benefit  
– We’re here to help!
Overall Program Guidelines & Best Practices

Best Practices

– Report your Benefits as you achieve them
– Provide sufficient documentation to support your contributions
  • Leverage the project/transaction documentation
  • Benefits are audited; provide enough documentation for the auditors to understand what happened
Scope of Eligible Activities

• Active involvement by Procurement/Sourcing
  – Benefit is a measurement of Procurement/Sourcing activity
  – Other departments/functions may generate benefit to the campus or UC, but **Benefit Bank only measures activity by Procurement/Sourcing**

• Transactional Events
  – Meant to capture one-time Benefits

• Advanced/Sourcing Events
  – Meant to capture on-going Benefits
Benefit Bank Refresher Training

CHOOSING THE BASELINE
Importance of the Correct Baseline

• To improve costs, you must first know what they are
• Know your Baseline and/or its type before beginning a sourcing event
• An incorrect Baseline = an incorrect Benefit. The more accurate and directly comparable the Baseline, the more accurate the resulting Benefit will be
• The most common reason for a returned Benefit in the audit process is an incorrect Baseline
Choose the most applicable Baseline that is highest in the Baseline Hierarchy
Types of Baselines: Previously Contracted

The most directly comparable Baseline

**Definition:**

The pricing, terms, and peripheral costs in the Baseline are as specified in pre-existing Vendor agreements; the current procurement project scope is for a like set of products or services.

**Requirements:**

- There must have been an existing agreement in place.
- The newly negotiated agreement must be for a like set of products or services.
- The terms (payment, returns, etc.) and peripheral costs (shipping, transaction costs, etc.) must be no worse than the previous agreement.
- The campus and/or the UC must benefit from the new agreement for Benefit to be earned.
Types of Baselines: **Historical Costs**

**The second-most directly comparable Baseline**; use when no previous agreement exists.

**Definition:**

The pricing, terms, and peripheral costs in the Baseline are to be the average costs for a specific Category or Sub-Category of spend over the 12-month period immediately preceding a sourcing event.

**Requirements:**

- The newly negotiated agreement must be for a like set of products or services at the Category/Sub-Category level.
- There must have been purchases of like goods within the past 12-months.
- Purchases used to calculate the “average costs” do not need to have been made by your campus; any like purchases at any campus can contribute to the average.
Types of Baselines: **Imputed Historical Costs**

Use when Previously Contracted or Historical Costs do not apply.

**Definition:**

The pricing, terms, and peripheral costs in Baseline are established by:

- Initial quoted price for a basket of goods, processes and/or services;
- Average of all responsive, **non-awarded** bids from a multi-vendor RFP process; or
- Budget, index, or other benchmark.

**Requirements:**

- No previous agreement was in place for like products or services.
- There are no purchases of like goods to use to calculate an average cost.
- If using the average of the responsive, but non-awarded bidders to an RFP, be sure to **exclude** the awarded supplier.
Types of Baselines: **Cost Inclusive of Increase**

**Use when you negotiated a lower price increase than the Supplier sought or the market would support**

**Definition:**

The pricing, terms, and peripheral costs in Baseline are established by:

- the supplier’s request for a price increase
- documented trend in market price increase
- other contributing factors to an increased cost.

**Requirements:**

- No previous agreement was in place for like products or services.
- There are no purchases of like goods to use to calculate an average cost.
- No RFP event was or could be conducted.