

# Impact Report

Procurement Working for You

opportunities

strategic

collaboration

power of collective spend

cost savings

efficient

category expertise

leverage

commitment

benefit

systemwide

expand

incentives

sustainable

partnership

cost avoidance



# 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 \$8 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 Systemwide Bank Card Services

Team: A. Enos, J. Ma, S. Lopez, J. Frantz, D. Yoder (UC Systemwide Procurement Services); D. Parnas, S. Fulps (UC Berkeley); M. Kuhner, V. Vartkessian (UC Davis); E. Triche and D. Allen (UC Riverside); J. Chey (UC Irvine); F. Mark-Kossow, I. Da Costa (UCLA); J. Riedeman (UC Merced); M. Lozano (UCOP); C. Smith (UC San Diego); V. Wong, G. Kawakami, M. Gee (UC San Francisco); V. Boyle (UC Santa Barbara); E. Moran- (UC Santa Cruz); P. Garcia (LANL); E. Walker, C. Lewis (LBNL); A. Huber, A. Moyle, T. Salhoff (LLNL); P. Biagioli, C. Lucas, K. Bryant, V. Windecker, S. Norwood, K. Huckabee (NNSA/DOE)

## Opportunity

The Commercial Card Agreement for UC's procurement, travel and virtual pay solutions had reached its maximum extension. This provided UC the opportunity to take the program out for competitive bid, allowing us to re-evaluate the current program requirements against industry best practices and improve upon our best in-class commercial card program. This card program is utilized by 22 locations across the country (10 UC campuses, 3 national labs and various National Nuclear Security Administration and Dept. of Energy sites).

## Approach

A large cross-functional team of twenty-eight participants developed the RFP strategy for the card programs. Pre-bid market research was conducted to identify industry best practices and scope of work, and to pre-qualify suppliers prior to publishing an RFP.

After each location catalogued their list of extensive requirements, we created a comprehensive scope of work for each card program and published the RFP to six qualified suppliers. Based on the written evaluation results scored by each location, three suppliers were invited to participate in formal presentations hosted by UCLA.

Through this RFP, we obtained maximum monetary value for UC in the new Commercial Card program with US Bank, resulting in a five-year agreement with options for two one-year extensions.

## Client Quote

*"I want to thank you for all your hard work on the bank RFP. I have been part of MANY such endeavors, and I have to say that this was by far the best, thanks to all of you!" - Ian Da Costa, Manager UCLA*



## Results

- **Incentives-** \$146.5M of total incentives over 5 years (\$14.3M or 11% increase) plus \$2.4M signing incentive for each additional one-year extension (two years max).
- **Expanded partnership investment funds-** \$1.2M in University investments toward partnered branding, faculty and student engagement projects and three paid student internships with US Bank.
- **Service Enhancement-** Established a One-Card program readiness for campuses that are interested.
- **Cost avoidance-** \$1.3M cost avoidance of a program transition and avoidance of operational disruption.

**Total Benefit \$20.3M**

# Broker/Insurance & Risk Management Services

Team: Anita Enos and Jiazhi Ma (Systemwide Procurement Services); Kevin Confetti, Cheryl Lloyd, Kim Yozgat, Karen Vecchi, and Gary Leonard (UCOP Risk Services); Eric Kvigne and Mark Vanderlinden (UC Davis); Norman Hamill (Office of General Counsel); Belinda Hein (UC San Diego); and Dean Malilay (UC Los Angeles)

## Opportunity

The Office of Risk Services utilizes licensed insurance brokers for its operations in accessing insurance, excess insurance and reinsurance carriers. Risk Services purchases a multitude of insurance coverages which can contain multiple layers of insurance policies. The current broker services agreements had reached their maximum renewal periods. This presented the opportunity to competitively bid UC's Casualty, Property, Financial Lines, and Affiliated Programs which are managed by UCOP Risk Services (OPRS).

## Approach

Systemwide Procurement Services conducted a competitive RFP. The RFP committee comprised of personnel from OP Risk Services, campuses, medical centers, and OGC.

The goal of the RFP was to evaluate and select insurance placement and brokerage service partner(s) that will assist UC in:

- purchasing insurance
- reducing costs
- preventing and mitigating loss
- identifying and responding to emerging risks, and
- developing forward thinking solutions to UC's unique operations and correlating liability.

Valid proposals were received from seven suppliers. The structure of the RFP allowed UC the flexibility to evaluate and award each scope separately or together with one or more suppliers.



## Results

- **Cost Savings-** \$1.13M per year or 24% of current annual spend. \$5.65M in total savings over the five year term.
- **New Insurance Placement Services-** UC will receive eight lines of new insurance placement services with no additional brokerage fee.
- **Volume Incentive-** Obtained Risk-Financing Optimization Analysis services at no cost; a value of \$345K over five years.
- **Fixed Annual Service Fee-** The broker fee for Insurance Placement & Brokerage Services will remain fixed over the five year term.
- **Fixed Hourly Rates-** The rates negotiated for all Risk Management Services will remain fixed over the five year term of the Agreement.

**Total Benefit \$5.6M**

# California Million Lamp Challenge

**Team:** Jeremy Meadows (UC Systemwide Procurement Services), Erik Ulstrup (UCLA), John Elliot (LBNL), Greg Eikam (UCI), Heather Perry & Jordan Sager (UCSB), John Smithers (UCLA Med Center), Josh Morejohn & Michael Siminovich (UCD), Raul Abesamis (UCB) and Sergio Lopez (UCSD)

## Opportunity

UC purchases large quantities of directional and omnidirectional lamps (A lamps), including incandescent and CFL technologies, both with Edison base configurations. These lamps represent an enormous opportunity for energy savings, waste stream mitigation and maintenance costs benefits by replacing them with high-performance, high-quality LED technology.

Recent technology developments, in combination with California's leading regulatory environment, have led to the development of exceedingly high-quality LEDs intended for the replacement of incandescent and poor-quality compact florescent lamp (CFL's). These high-quality LED products (California specification) have outstanding color characteristics that emulate the expected performance attributes of standard incumbent technology and exceedingly high efficiency.

There is an enormous opportunity to achieve rapid energy savings at scale across California university campuses by deploying a novel lamp swap out program.

## Approach

The UC developed and launched the "Million Lamp Challenge," a high-visibility, statewide lamp conversion program with the objective of broadly promoting the use of high efficiency, high quality LED replacement lamps across the University of California (UC) network and its California partners – California State Universities (CSU), California Community Colleges (CCC) and Department of General Services (DGS).



## Results

- **Cost Savings-** Directing spend to supplier partner for better quality lighting resulted in savings of \$3.8 million
- **Administrative Efficiency-** Longer lasting lamps reduces replacement demand
- **Reduced Energy Consumption-** LED lamps are 80% more efficient than incandescent or CFL Bulbs
- **Reduced Waste-** Using less lamps due to lamp longevity reducing stress on the UC's waste stream
- **Collaboration-** This project involved extensive collaboration between the three California university systems- UC, CSUs and CCCs in addition to DGS, providing greater sustainable impact on the state of California

**Total Benefit \$3.8 million annually**



# UC San Diego Spin Partnership

Team: Greg Muller, Andrew Bunker, and Jon Heinlein (Integrated Procure-to-Pay Solutions); Curt Lutz (Transportation Services); Garry MacPherson (Environmental and Building Services); David Weil (Campus Sustainability and Carbon Neutrality); Todd Pitman and Ginger Stout (Campus Planning); Ian Happle (Campus Police); Dan Jacobsen and Jasmine Sabei (UC San Diego student representatives)

## Opportunity

With an ever-expanding and changing campus community, UC San Diego started requiring alternative, sustainable ways to continue supporting and improving intra-campus mobility. Simultaneously, bikeshare programs were becoming increasingly popular across the country and UC San Diego suddenly found itself with a multitude of randomly strewn bikes across the campus.

## Approach

UC San Diego's Commodity Manager Greg Muller and the Commuting, Campus Mobility, and People Movement Marketing Manager, Curt Lutz, worked with campus stakeholders to source a single dock-less bikeshare provider for the campus. Spin, a leading bikeshare company, was awarded the bid to provide an accessible and affordable transportation alternative.

As part of the agreement, Spin monitors use to maintain supply in campus areas with the greatest demand. Additionally Spin relocates bikes on demand, reports user data weekly, and partners with Transportation to define best practices.

The partnership is providing the campus with a healthy, sustainable transportation option, with electric bikes coming soon.



## Results

- **Cost savings-** Total of 1.9M in cost savings over 3 years. This includes negotiated benefits such as free rides for a month, \$5 user credits and reduced annual membership fee and free helmets.
- **Reduced carbon footprint-**
  - Total rides: 57.2K in area
  - Trips by UC San Diego (@ucsd.edu): 45.8K
  - Total distance traveled in miles: 10.7K
  - Total signups: 9.3K
  - Carbon footprint saved in lbs.: 11.7K
- **Potential Revenue-** Once an advertiser has been acquired, there will be prospects for revenue generation

**Total Benefit \$1.9M**

# UC San Diego Markets Pre-packaged Sushi

Team: Maggie Grey (Integrated-Procure-to-Pay Solutions); Steve Pfungst, Ralph Dauphin, Lisa Joy, Leo Acosta (Housing\*Dining\*Hospitality)

## Opportunity

In the Fall of 2016, UC San Diego sought out a supplier for pre-packaged sushi products. Three suppliers were brought in for presentations and tastings. Nikko Enterprise Corporation was chosen to provide products and services to the six markets on campus. The contract was not bid, because the spend was unknown. By the one year mark (fall 2017), the spend had hit \$400,000.

## Approach

Requirements in excess of \$100,000 per year require us to formally competitively bid. Since the program went well beyond the \$100,000 per year spend limit, an RFP was issued. The RFP had two modules: one with a buyback program and one without. The service-level agreement included the complete supplier management of the product mix and quantities (chosen from a pre-approved list of items), daily delivery, and shelving, saving UCSD time and effort to stock.

A total of three suppliers responded to the RFP. The final bid was again awarded to Nikko, which offered the same pricing as the previous year, and also included the buyback program and services. The bid average of competing suppliers was 57% higher than Nikko. UC San Diego was able to recognize savings and confirm that our first-year spend was below a market benchmark.



## Results

- **Cost savings-** UCSD realized a savings of \$1.1M over the 5-year contract term.
- **Time savings and efficiency-** Supplier's management of product saved administrative time and effort for UCSD

**Total Benefit \$1.1M**

# UC San Diego RIMAC Seating and Media Board

Team: Gary Oshima (Integrated Procure-to-Pay Solutions), Megan Francis (Capital Program Management), Rich Mylin (Sports Facilities)

## Opportunity

The RIMAC gym at UC San Diego must undergo a renovation this summer to prepare the facility as the University joins Division 1 basketball. Part of the renovation includes the installation of new seating and a new digital media board.

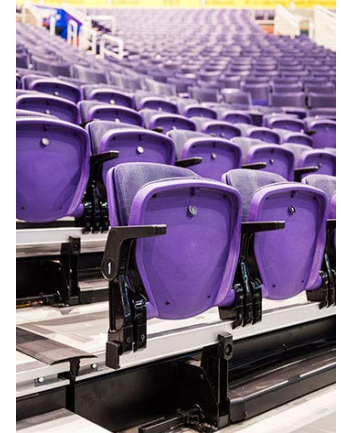
Capital Program Management (CPM) faced a dilemma: the General Contractor had not yet been selected but the seating and media board needed to be ordered early to ensure a summer renovation schedule.

CPM asked Integrated Procure-to-Pay Solutions (IPPS) to assist with procurement of the seating and media board.

## Approach

IPPS was able to issue an RFP and select a vendor for both items two months before the selection of the General Contractor. Once the General Contractor comes on board, that person will coordinate final installation.

The primary benefit is that IPPS was able to select vendors early enough to ensure renovations are on schedule for this summer. Without the involvement of IPPS, the entire project would have been delayed by one year.



## Results

- **Cost Savings-** Savings of \$284,489 for the seating and \$249,000 for the media board based on budgeted cost and difference from next lowest bidder
- **Cost avoidance-** If project had been delayed one year, there would have been lost ticket sales, increased construction costs and potential NCAA penalties and fines.

**Total Benefit \$533,500**



# UC Santa Barbara Computer Cluster

Team: Heather Perry (UCB Procurement) and Paul Weakliem (California NanoSystems Institute)

## Opportunity

The California NanoSystems Institute, part of UCSB's Center for Scientific Computing, needed a computer cluster, and knew it would have to go out to bid. The department engaged early with procurement and came prepared with specs and potential vendors, allowing for a smooth solicitation process.

## Approach

The computer cluster consisted primarily of the computer component, storage component and racks. One addition to the RFQ was a requirement to comply with the UC's packaging standards which had not officially gone into effect. The requirement was that packaging be recycled, recyclable, or taken back by the company. This was the first bid in which the packaging standards from the updated UC Sustainable Procurement Policy were incorporated into the mandatory specifications.

When quotes came back above budget, we removed one item and asked for a re-quote. This resulted in a successful lowest cost bidder, several hundreds of thousands of dollars below the highest bidder.

## Client Quote

*"Thank you very much for the excellent news! My team and I are looking forward to the project."*

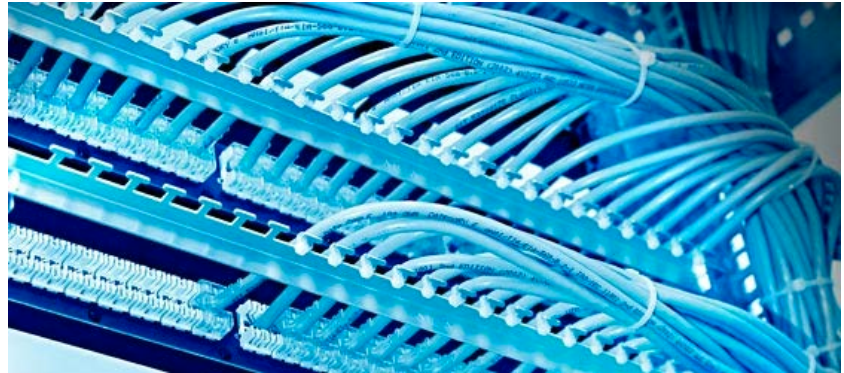


Photo Source: [http://www.applieddatasystem.com/products\\_networking.aspx](http://www.applieddatasystem.com/products_networking.aspx)

## Results

- **Cost savings** - Cost savings of \$255,875 achieved through bid process, with a total of five responsive bidders
- **Reduced carbon footprint**- The awarded bidder agreed to take back the shipping carts and offered an additional \$1,600 discount for their recovery, which would otherwise be left for disposal by the campus

**Total Benefit \$256,000**

# UC Santa Barbara Environmentally Preferable Dining Disposables

Team: Danielle Kemp and Jill Horst (UCSB Housing, Dining, & Auxiliary Enterprises - HDAE), Sue Hawkins (University Center - UCEN), Heather Perry (UCSB Procurement)

## Opportunity

HDAE's Residential Dining and UCEN Dining combined four service dining commons, two catering services, eighteen retail units, a faculty club, concessions, cafes, and convenience markets around campus. Almost 10 years ago, UCSB transitioned to using single stream composting at both dining operations, composting 100% of pre- and post-consumer food waste as well as all compostable disposable products used by catering, concessions, and retail markets. This was an opportunity to address not only the compostability of products, but also health and sustainable sourcing concerns related to materials within the products.

## Approach

Both dining units were committed to sustainability and the UC's Zero Waste by 2020 goal, which were directly incorporated into the requirements of the competitive bid. Despite the diverse operations of these two large units, this bid resulted in a vendor who could fill both the service and technical capacities required by the departments, while surpassing the UC's sustainable procurement policy goals.



Photo: (L) Ucen Catering; (R) Cresencio Acevedo, production manager for the De La Guerra dining commons, with a bin of pre-consumer food waste for single stream compost (Photo by George Foulsham, UCSB Public Affairs)

## Results

- **Cost savings-** Savings of \$31,825 per year for HDAE alone
- **Efficiency-** Consolidated from two vendors to one
- **Patronage incentive-** Negotiated with vendor to agree to 2% patronage incentive while maintaining low cost
- **Collaboration-** Collaboration across departments on campus with very diverse operations
- **Sustainability-** First Environmentally Preferable Disposables bid for campus, incorporating Preferred Sustainability Criteria addressing fluorinated and other hazardous chemicals, and sustainably sourced and recycled-content materials.

**Total Benefit \$63,650**

# UC Santa Barbara Energy-efficient Printer Upgrades

Team: Heather Perry and Jacob Godfrey (UCSB Procurement) and various campus departments (MSI, CNSI, Athletics, Film & Media Studies, Psychology & Brain Science)

## Opportunity

Older printers tend to use more energy, paper, and toner compared to new, more efficient models. Through a program called [HP PurchaseEdge](#), UCSB earns points for every \$4 spent on qualifying HP supplies, such as toner. These points can then be redeemed to purchase new, more energy-efficient devices that are EPEAT certified, save resources and CO2 emissions, and are cheaper to operate over their lifetime. Several times a year, HP PurchaseEdge also offers a 75% promotion that can be combined with these earned points to purchase new devices.

## Approach

Based on toner purchases, HP identified the oldest toner models (10 – 15 years old) still in use on campus. Using Jaeggar export, Procurement found the departments using these devices and offered them a free upgrade based on a total cost of ownership recommendation by HP. Through this pilot offer, we were able to replace 5 old HP machines with brand new HP PageWide 552dw printers that use less power and energy. To take advantage of the offer, departments were required to properly recycle their machines through UCSB Surplus.

### PageWide Pro 552dw Printer

292 CO2-e (lb)

kWh	449
CO2-e (lb)	292
Electricity cost	49
Mono PPM	70

### LaserJet 1200

429 CO2-e (lb)

kWh	660
CO2-e (lb)	429
Electricity cost	73
Mono PPM	15

## Results

- **Cost and CO2-e Savings-** Based on HP's Carbon Footprint Calculator, replacing one HP LaserJet 1200 with a PageWide 552dw can save 137 lbs of CO2-e and \$24 on electricity over a 10-year lifetime
- **Collaboration-** Provided an opportunity for Procurement to outreach to departments while educating about sustainability and surplus
- **Consolidation-** Provides an opportunity to upgrade and consolidate old printers over time

\*Based on 15,000 pgs/yr, electricity cost of \$0.11/kWh, emissions factor of 0.65 lbs CO2-e/kWh, and all [underlying assumptions of HP's model](#).

Business printers with HP PageWide Technology use up to

**84%**

less energy than laser printers<sup>7</sup>



**\$3.70 per year**

... and pay as low as \$3.70 per year in energy costs—less than 40% the cost of powering an 18-watt bulb<sup>8</sup>

**Total Benefit \$3,800; Sustainable Impact: Priceless**

# Thank You

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