



# PROCUREMENT SERVICES BRAG BOOK FEBRUARY 2014

# Message from the Chief Procurement Officer...



Dear Colleague,

Each year, our 230 University of California procurement professionals partner with fellow administrators, faculty and students to purchase nearly \$6 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 everyday 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 by working smarter together.

Very truly yours,  
*William M. "Bill" Cooper*  
Associate Vice President and Chief Procurement Officer

# In Support of the University's Core Missions...

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 service.

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**Working Smarter P200 Challenge:**  
*Redirect \$200MM in annual savings to teaching, research and public service*

# Ethyl Alcohol Supply and Distribution

Clients: Research Community (UCB, UCD, UCSF), Warehouse Management (UCB)

## Opportunity

UCB, UCD and UCSF procurement teams were able to reduce the cost of ethyl alcohol to the their research community by running UC's first reverse auction. The project team was also able to implement a direct delivery model at UCSF and UCB that eliminated costly internal recharges to the end-users that neared two and a half times the product costs. By engaging key subject-matter experts, they ensured newly implemented distribution models met regulatory compliance requirements.

## Results

- Generated savings of 15% (UCSF) and 20% (UCB, UCD) to the end user
- Divested UCB and UCSF from distribution, saving over \$250K in internal recharges paid by the labs
- Executed University of California's first successful reverse auction



## The Team

UCD: Wayne Boney, Mike Morgan  
UCSF/B: Eric Anglim, Ross Bausone, Susan Bertuliet, Alex Butler, Andrew Clark, Ramsey Hanna, Bernadette Jimenez, Sandy Macasieb, Justin Sullivan

Reduce Total Cost of Ownership

Strategic Partnerships

Optimize Tools & Talents

# Maintenance Repair & Operations Vendor Consolidation

Clients: Facilities & Housing Groups (UCB, UCD, UCSF)

## Opportunity

Building on successful programs at UCB, UCD and UCSF, the Facilities Center of Excellence developed a system-wide program that reduced the University's supply base from 4 to 1. The consolidation enabled lower pricing as well as access to expert resources to streamline campus inventories and purchase processes. The improvements have enabled the teams to manage their purchases more efficiently, freeing up their time to focus on their core services of facilities and building management.

## Results

- Created immediate savings of \$440K (5.5%) with an additional 4% incentive opportunity
- Demonstrated success of strategic sourcing through the Center of Excellence partnerships
- Secured expert consulting resources for process optimization at no additional cost



## The Team

UCD:	Mike Morgan
UCLA:	Suzanne Martin
UCSC:	Kate Cunningham
UCSF/B:	Dave Kolsom
UCOP:	David Houghton

Optimize Value

Strategic Partnerships

Power of Collective Spend

# Mass Spectrometer Urgent Purchase Order

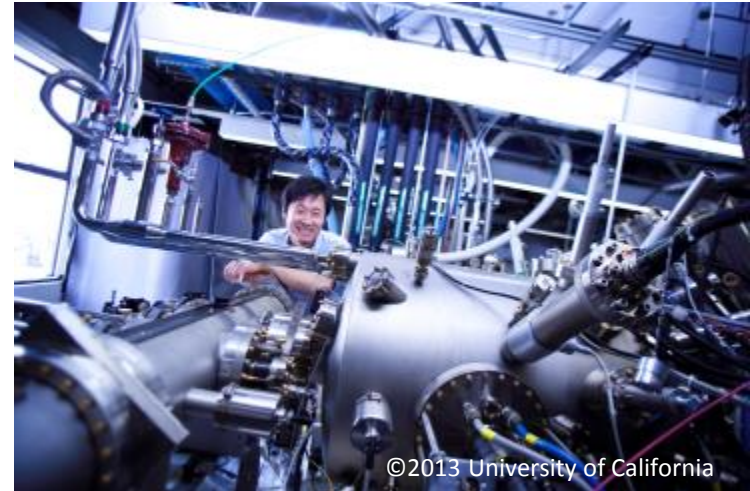
Client: Department of Chemistry (UCR)

## Opportunity

The UCR Purchasing Manager was contacted by a Professor of Chemistry to facilitate the urgent purchase of a new to market \$1M mass spectrometer. Only one of the two factory-issued demo units remained available and additional units would not be on the market for at least six months and most likely at higher prices. Leveraging his domain expertise, the purchasing manager was able to quickly validate competitive pricing, facilitate the sole source justification, and complete the purchase order to secure the only remaining unit.

## Results

- Captured over \$100K in savings for a factory-certified and fully warranted unit
- Met client's urgent needs with same day turn around
- Ensured revenue-generating research facility was able to secure state of the art equipment needed



## The Team

UCR: David Gee

Strategic Partnerships

Client Service

Revenue Generation

# Software and Hardware Purchase Agreement

Clients: UC Technology Groups, ITS (UCOP)

## Opportunity

Utilizing the annual review of technology needs for IBM products and services across the UC enterprise, the strategic sourcing team negotiated pricing discounts to benefit all campuses. Despite decreasing usage rates and the evolving technology landscape, the team was able to achieve a high discount rate. Engaging technology experts and stakeholders from all campuses, the team was also able to address unique campus needs and requirements as part of the system-wide agreement.

## Results

- Achieved \$4.4M in benefit over the three year term, representing 36% savings
- Deepened campus relationships demonstrating power of strategic partnership and collaboration
- Continued strategic partnership with IBM to address current needs and future requirements



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## The Team

UCOP: Robert Baum  
Dianne Lombardo  
Dianne Yoder

Cost Savings

Strategic Partnerships

Optimize Value

# Solar Turbines Extended Service Agreement

Client: Central Utilities Plant (UCSD)

## Opportunity

UC San Diego's procurement team was engaged by the campus plant management team to review the extended service agreement for two turbo-generators that supply over 80% of the campus energy needs. The agreements had previously been renewed with fixed price increases with minimal negotiation or review. The team performed a market, industry, and data analysis to develop negotiation leverage points for the escalation mechanisms and caps, monthly fees, and additional service terms.

## Results

- Generated over \$770K in negotiated benefits
- Early engagement with the client provided the time to identify strategic cost savings opportunity
- Demonstrated value-add of procurement team's category knowledge and expertise



## The Team

UCSD: John Dilliot, Jeremy Meadows,  
Brad Ouellet, Tim Schultz

**Strategic Partnerships**

**Cost Savings**

**Optimize Tools & Talents**



# Southern California Produce Distribution

Clients: Dining Services (UCR, UCSB, UCSD)

## Opportunity

The UC San Diego, UC Riverside and UC Santa Barbara teams were drafting RFPs for the supply, warehouse and distribution of their fresh produce needs representing a collective \$3.1M annual spend. Identifying a strategic opportunity to leverage their combined purchasing power, the teams collaborated with their Strategic Sourcing partner to develop and manage a joint RFP.

## Results

- Projected savings of \$2.3M (23%) over the three year contract term
- Resulting contract met unique needs of campuses and provided for food safety, supplier diversity and pricing accuracy
- Success of collaboration demonstrated a model for future projects and opportunities



## The Team

- UCR: Matt Burke, Lanette Dickerson, Cheryl Garner
- UCSB: Jaime Herrera, Jill Horst, Calli Price
- UCSD: Steve Casad, Yvonne Macon, Vaughn Vargus
- UCOP: Eric Pollack

Power of Collective Spend

Collaboration

Sustainability

Cost Savings

# Telemedicine Classroom Suites Development

Client: Telemedicine Group (UCLA/Charles Drew University)

## Opportunity

In collaboration with the School of Medicine clients and building management, the UCLA procurement team worked to develop a strategic plan for securing audio visual integrators capable of providing A/V design services for eight smart classrooms and telemedicine suites to be built at the UC-affiliate Charles Drew University campus. In the process, the team leveraged the newly implemented sourcing tool and reverse auction practice to efficiently manage 350+ SKUs including warranty, freight and integration services.

## Results

- Generated savings of \$82K, representing 11.9% reduction from historical prices
- Solution included innovative accounting fulfillment through US Bank for an additional 1.8% cost savings
- Saved nearly \$200K in client's estimated budget



## The Team

UCLA: Marc Leufroy, Michelle Nettles  
UCOP: Terri Long, Chris Parmelee

Optimize Tools & Talents

Strategic Partnerships

Cost Savings

# Third-Party Software Reseller Agreement

Clients: UC Technology Acquisition Support (TAS), CSU Technology Support

## Opportunity

With UC and CSU third-party software reseller contracts expiring within a month of each other and building on the previous success of a combined agreement with Dell computers, the procurement teams collaborated on a joint RFP and vendor selection process. With their combined purchasing power, they were able to leverage the nearly double volume as a key negotiation point to reduce software purchase costs system wide.

## Results

- Created a 2-4% discount on reseller markups with an estimated annual cost savings of \$200-\$400K for UC and \$100-\$300K for CSU
- Modeled strategic sourcing partnership opportunities beyond the UC community
- Ensured new contract did not create disruption to UC end-users or additional costs for implementation



## The Team

UCB:	David Willson
UCLA:	Tom Trappler
UCR:	Mark Nicolay
UCSB:	Sherene Strobach
UCOP:	Eric Stevens
CSU:	Melody Kojima

Strategic Partnerships

Power of Collective Spend

Cost Savings

# Building a Responsive and Effective Procurement Team

## Our Vision

Be acknowledged by University of California executive and campus leadership, faculty, staff and students as a **high performing strategic partner** that is **essential** to the financial health of the University

## Our Mission

**Expand opportunities** for teaching, research and public service by delivering savings and efficient procurement services across the University of California

## Our Strategic Objectives

- Develop **collaborative relationships** with clients across the UC system to **understand needs** and provide high quality procurement services **that best meet those needs**.
- Pursue strategic initiatives in a **coordinated manner** that **leverages the power** of our collective spend and redirects savings to teaching, research and public service.
- Invest in and **optimize talent and technologies** across the University to deliver far greater benefit than can be achieved by any single location working independently.
- Drive down Total Cost of Ownership (TCO) and promote **new revenue opportunities** through effective sourcing, contract management and supply chain solutions.
- Partner with suppliers to develop business relationships and solutions that **optimize value** for the University.

A modern courtyard featuring a blue wall on the left, a white wall with columns on the right, and a green lawn in the foreground. The scene is brightly lit, casting shadows on the grass.

**Thank You**