

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 nearly \$10 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

** Bill Cooper retired on June 30, 2021.*

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UCAPP: University of California Asset Protection Plan

TEAM: UC Senior Leadership | Campus Leadership | Campus Supply Chain/Procurement Leadership & Staff | Campus Department Staff

Opportunity

Equipment maintenance at the world's largest public research university system is no small thing because the lab equipment covered is often very expensive to maintain. The University spends an estimated \$50M per year across all ten campuses on maintenance agreements for the service and repair of university-owned equipment.

The opportunity arose to decrease overall maintenance costs for university-owned equipment by utilizing a risk-based approach with the backing of the University's wholly owned insurance company, Fiat Lux. The initial cost avoidance of \$500K/year, and a long-term potential cost avoidance of \$25M/year made this a top priority.

Approach

First, we worked with our existing third-party service administrator to review and assess the service agreements offered by outside vendors, primarily Original Equipment Manufacturers (OEM).

Next, we engaged UC Leadership, Procurement, and Department representatives at all campuses to encourage interest and participation. After successful pilots at UC Irvine and UC Riverside, we've grown the UCAPP program to over \$1.5M annually, delivering an immediate savings of 25% over OEM contracts to participating campuses.

UCAPP replaces high-priced individual OEM and independent service organization (ISO) insurance agreements with one easy and lower cost plan – offering discounts of up to 25% over outside vendors while matching service levels.



Results

- Initial cost avoidance of \$500K/year.
- Long-term cost avoidance potential of up to \$25M annually (with full participation).
- Campuses experience an immediate savings of 25% over OEM pricing while utilizing the same maintenance/repair technicians as OEMs.
- Collaboration of Senior Leadership, Campus Leadership, and Department Leadership engaging in a thoughtful review of the actual cost of maintenance agreements and equipment life cycle costs.

Potential Total Benefit: up to \$25M annually (with full participation)

UC Central Travel: Unused Airline Ticket Management

TEAM: University of California Central Travel Management (CTM)

Opportunity

Due to COVID travel cancellations, University of California (UC) currently holds well over \$2 million in unused airfare credits. Previously, airfare credits had a 12-month shelf life but due to the pandemic many airlines have extended expiration dates into 2022.

Credits not actively managed are at a higher risk of expiring for mainly these reasons:

- Travelers no longer need the credits (job changes or new flights on other airlines)
- Travelers not aware of the credits or overwhelmed by the process of reusing them
- Lack of opportunity to reuse the credits (COVID variants, UC travel restrictions).

Automating reuse of airfare credits would allow UC to recoup the maximum funds before expiration.

Approach

CTM briefed the Travel Council on the high values at stake and advised them that these credits would have to be proactively and aggressively managed to avoid losing the money. After attempting to negotiate all refund possibilities, CTM explored options with UC's preferred travel agencies on how best to manage so many unused credits, and collected actionable data broken down by campus.

CTM informed each campus of their existing unused credits and explained that a ticket exchange program would enable UC to automatically recycle credits nearing expiration for use by another traveler – thereby maximizing utilization and savings for each campus.

Over the past 16 months, CTM offered multiple educational webinars on this topic for the UC travel community, and to date over 3500 people have attended sessions.



AIR CANADA 

Alaska
AIRLINES

American Airlines 

 DELTA

jetBlue

UNITED 

Results

As the UC community resumes business travel, we anticipate the majority of \$2.7M in unused ticket credits will be reused and applied to new airline transactions in lieu of purchasing new tickets.

These strategies are contributing to this program's success:

- Working in partnership with travel providers to explore recoupment options
- Helping each campus maximize ticket reuse for increased savings
- Sustained systemwide communication efforts to educate travelers about the responsibility of recycling unused tickets

Total Potential Benefit: \$2.7M (recoupment)

UC San Diego: Reusable To-Go Container Program

TEAM: Maggie Grey, Commodity Manager | Jeff Palmer, Dining Director | Jon Biltucci, Analyst | Jason Andrews, Development Manager

Opportunity

As sustainable purchasing practice advocates, Integrated-Procure-to-Pay-Solutions (IPPS) saw an opportunity to reduce annual spend on disposable products used in our dining halls, enhance the student dining experience, and support UC-wide sustainability goals (like [Zero Waste Initiative](#)) by implementing a reusable to-go container program. Triton 2 Go is an integrated program that can dispense to-go meals in reusable containers, track containers and student account usage, and properly clean and return the containers for reuse.

Approach

Our project team conducted extensive research on existing reusable container programs and industry suppliers within Higher Ed. In January 2020, we posted the RFP for a program supplier and by March 2020, we established a contract with A Green Ozzi, LLC (Ozzi). The Ozzi system met all program requirements for Triton 2 Go. Ozzi machines provide a complete system that dispenses, tracks, retrieves, cleans, and returns containers for reuse. The program launched in Fall 2020 to a limited campus student population when 95% of food orders were mobile due to COVID restrictions.

Innovation On The Fly: The UCSD team worked closely with the Ozzi team to expedite system modifications to meet COVID safety requirements. Changes included replacing a tokens-based system with a debit/credit system that can also read UCSD Campus One Cards to track containers and student account usage.

Growth Potential: The current Triton 2 Go program currently offers a 9" x 6" clamshell container. In the future, there is a possibility of expanding the program to include other types of containers, like soup bowls, beverage cups, etc.



Results

- **Cost reduction:** initial \$73K savings from reduction of disposable to-go ware purchases (with 55% less than normal sales volume due to COVID).
- **Cost avoidance:** Negotiated further savings for reduced shipping throughout the contract, reduced costs on machines, and annual software support fees.
- **Self-sustaining:** The debit/credit system covers all costs for containers processed through the program. Lost containers are funded through a deposit system set aside for container repurchase.
- **Progress toward [eliminating single-use plastics goal](#):** Reusable food containers help meet the UC-wide goal of eliminating single use food service items by 2022.

Total benefit: \$1.146M (over 5-year contract)

UCSF: Invoice & Payment Business Transformation

TEAM: Supply Chain Management Financial Operations team – Vanessa Wong, Melissa Gee, Gilberto Ortega, Stephanie Shang, Marcus Campbell and Nathaniel Balmes

Opportunity

In 2020, UCSF Supply Chain Management (SCM) was faced with reduced staffing due to the unprecedented financial challenges of the COVID-19 pandemic. Invoice processing was manual and very labor intensive. Far too many suppliers were receiving check payments that required time-consuming manual processes to issue.

Updating these antiquated manual processes for invoicing and payment with efficient, automated processes would save money and time. The solution needed to leverage existing technology and resources at no additional cost.

Approach

UCSF SCM started requiring suppliers to accept electronic payment and submit invoices electronically through UCSF's e-invoice partner, Transcepta. SCM reached thousands of suppliers via multiple communication channels over a 3-month period to encourage them to sign up for electronic invoicing and payment.

There was a particular effort to push suppliers to use Payment Plus because of potential incentives that could be earned to offset budget reductions. Marketing efforts and communication also targeted UCSF departments to obtain their support for these changes.



Results

In one year, UCSF dramatically reduced manually processed invoices and checks and:

- Reduced administrative costs by \$400,000 annually
- Increased electronic Transcepta invoices by 64%
- Decreased manually processed invoices by 88%
- Reduced total paper check volume by 50%
- Reduced onsite check printing by 83%
- Increased total electronic invoice volume to 90%
- Maintained card incentives despite COVID reduction in spend

Total Benefit: \$400,000 annually (+ increased incentives & efficiency)

UCSF: Engineering Services RFP

TEAM: UCSF Operations | Environmental, Health and Safety (EH&S) and Engineering Services teams | Supply Chain Management Financial Operations

Opportunity

Business needs change over time so the expiration of a Stationary Engineering Services Agreement that had been in place for more than 10 years allowed UCSF to establish a more favorable engineering partnership agreement. New agreement terms would allow UCSF the flexibility to increase or decrease services as needed to UCSF sites. These contract changes would be at the same prices, terms, and conditions provided within the newly established agreement.

Approach

Based on UCSF's 12-month historical spend data of \$13M, we went to bid seeking a contract with a qualified provider of Engineering Services. Our goal was to not only operate and maintain the UCSF buildings specified within the Scope of Work but to ensure the establishment and nurturing of a healthy relationship by sharing information and priorities with participating service providers.

Together with the service provider, we've worked to develop strategies, understand the University's vision and goals, identify a dedicated vendor manager, and define what UCSF needs from the service provider to build a world class maintenance program.

"I want to report on the excellent collaboration that CBRE and UCSF EH&S have realized. Since coming to UCSF three years ago, I quickly saw that the Chiefs and ACEs were champions for safety and the primary reason for a strong safety culture among the stationary engineers. It is gratifying to say that with CBRE taking over as engineering vendor, their leadership has built the safety program even more from that strong foundation."

—Don Von Wie – Environmental, Health & Safety (EH&S)



Results

- Successful transition – no delay in service
- Reduction in staff – metrics display high level of service
- High engagement with Engineers, Account Lead on-site, high focus on team morale
- Working on key areas, e.g., EH&S Safety
- Engaging with team on new growth sites for operations
- Evaluating and adjusting preventative maintenance programs at all UCSF campuses
- Implementation of Root Cause Analysis (RCA)
- Review and right-sizing preventative maintenance programs
- Partnering on high-risk work activities

Total Benefit: \$22.4M over first 5-years (\$4.4M annually)

UCSC: Building Strategic Partnerships with Clients

TEAM: UC Santa Cruz Procurement Strategic Sourcing team

Opportunity

Procurement Services' desire to reduce campus dissatisfaction with requisition processing speed inspired us to take a closer look at our process and organization. We found that while the Procurement team was working with speed and efficiency, many clients were unaware of changing policies, procedures and regulations, as well as new mandates and system updates – all of which were negatively impacting the requisition process.

Compounding this was the standard practice of UCSC departments waiting to involve Procurement Services until after all purchasing considerations, negotiations, and decisions had been completed. This denied them the benefit of Procurement's guidance and expertise in navigating the increasingly complex purchasing process.

Approach

After conducting a careful analysis and meeting with several impacted campus clients, we concluded that direct purchasing guidance was needed in key departments across campus.

The UCSC Procurement Strategic Sourcing team has a history of establishing successful partnerships with key campus departments to solve challenges. Therefore, we decided to focus our efforts on strategically partnering with these impacted departments to help them 'get ahead of the purchasing process.'

Our approach included assigning Strategic Sourcing team members to a cohort of departments with whom they meet regularly, enabling them to work proactively with those clients. When a campus client begins a purchase, their Strategic Sourcing partner works with them throughout the process – presenting options, clarifying policy and regulations, and identifying potential stumbling blocks, while maximizing strategic procurement opportunities and benefits for UCSC.



Results

Since initiating strategic partnerships between UCSC Strategic Sourcing and campus clients, we have reaped these benefits:

- Procurement Services is involved earlier in the purchasing process which smooths the entire experience
- Campus clients are better educated in determining best value, taking advantage of systemwide agreements and local MSAs, finding small businesses, and working with their selected vendor
- Requisitions are fully prepared for the CruzBuy process with required forms and documents (COI, SSPR, etc.) ready to go
- There is increased satisfaction with the purchasing process
- Requisitions move through the CruzBuy system faster!

Total Benefits: Faster requisition processing & maximized value for the University

UC Procurement Systemwide: Life Sciences Lab Supply Award

TEAM: Alex Butler (UCB/UCOP), Stacey Templeman (UCB) | Dean Shehu, Leslie Siegmund (UCSF) | Julie Alvarez (UCD) | Alea Lampman (UCSC) | Heather Perry, Henry Biliniewicz, Katie Maynard (UCSB) | Koy Saephanh (UCM) | Claire Tsai (UCLA) | Henry Gutierrez (UCR) | Sharon Tong, Barbara Niemand (UCI) | Lynda Ta, Adam Mounts, Tony Esquer, Greg Muller (UCSD) | Sapna Thottathil (UC Sustainability) | Valerie Vergara, Heidi Oh, Terese Merrell, Lia Scott, Ren Reyes, Neil Kronenthal, Beverly Bitagon, Milan Kemp (UC Procurement).

Opportunity

As a world leader in life sciences research, the University of California (UC) research community relies heavily on life sciences suppliers. When its largest supplier distribution contract came to an end in the Spring of 2021, it's no surprise that the UC life sciences strategic sourcing team had already been working for 1.5 years on its replacement.

Approach

Over that year and half, the UC Procurement life sciences strategic sourcing team collaborated closely with campus sourcing, research, and sustainability representatives to develop a competitive solicitation that resulted in 11 new agreements with major lab product distribution partners, manufacturers, and small businesses. This new agreement began on June 15, 2021, and runs through June 30, 2025, with two optional two-year extensions.

Fisher Scientific, headquartered in Pittsburgh PA, succeeded in retaining its status as Primary Laboratory Distributor for the University of California. Additionally, Fisher Scientific was named Sole Awardee for the University's national lab supplies program, administered by Omnia Partners. This program leverages UC's expertise in life science strategic sourcing and competitive pricing by allowing other higher education institutions and public entities to purchase through the University's Fisher Scientific contract agreement nationwide.

Among the goals achieved in this solicitation process were the consolidation of laboratory distributors while creating new distribution opportunities and channels for small and diverse businesses within UC. Other positive outcomes included increasing value-added programs for the University's ten campuses and streamlining the overall procurement process.

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First
For UC



Results

The 2021 Fisher Scientific agreement is projected to benefit the University:

- **Cost reduction:** \$46M (over 4 years)
- **Cost avoidance:** \$100K (first year)
- **Incentives:** \$14.9M (over 4 years)
- **Revenue:** \$1M (first year)

Other unique benefits/programs Fisher Scientific will deliver annually:

- Diverse supplier incentive program
- Sustainability incentives
- Student STEM challenge

Projected Total Benefit: \$62M (over 4-year contract)