

# Impact Report

Procurement Working for You

opportunities

strategic

power of collective spend

collaboration

efficient

category expertise

leverage

cost avoidance

expand

benefit

sustainable

cost savings

incentives

systemwide

partnership

commitment



# Sponsor's Message

Dear Colleague,

Each year, 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*

These pages highlight recent UC Procurement initiatives that model our team's strategic objective of delivering efficient procurement services and savings to expand opportunities for teaching, research and public services.

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# UC Berkeley: Capital Campaign

Team: Norma Jones, Senior Buyer; Siobhan Harris, Alumni Relations

## Opportunity

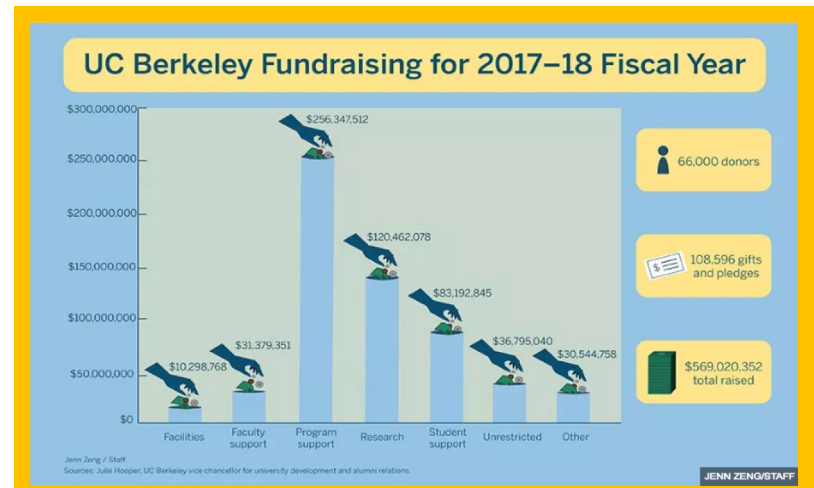
Berkeley marked its 150th anniversary in 2018, and also celebrated another milestone: a year of record-setting fundraising of \$569M. Building on this success, in the fall of 2019, Berkeley will launch the public phase of a new campaign with the goal of raising \$5B.

The campaign is set to appeal to alumni, staff, faculty, parents, friends and students – a broad and widely diverse audience of varying ages, ethnicities, interests, and locations. The unifying aspect and key to success in this campaign is a deep, visceral love of UC Berkeley.

Berkeley's Department of Alumni Relations sought assistance from Supply Chain Management to find the right partner to assist with developing the strategic and creative tools for this major upcoming campaign.

## Approach

Berkeley SCM created a three-phase RFP with a Best Value award to determine outside suppliers who were able to meet Berkeley's need for a complex marketing campaign. This RFP was designed with evaluation gates based on minimum criteria, proposals, and in-person finalist presentations.



## Results

\$468,550.00 contract awarded to One Sixty Over Ninety

- **Cost Avoidance of \$296,450**
- Collaboration between UDAR and SCM

## Client Quote

*"Now that the dust has settled and we've successfully contracted with One Sixty Over Ninety, I want to express our incredible gratitude for the work Norma did throughout the procurement process! Her patience, thoroughness, and attention to detail made what could have been a deeply stressful process legitimately pleasant."*

—Siobhan Harris, Alumni Relations, UC Berkeley

**Total Benefit: \$296,450 (cost avoidance)**

# UC Davis: P-Card for Payment of Repairs and Services

**Team:** Michael Kuhner, Vartan Vartkessian, Steven Kobayashi and Kay Gallinger – Supply Chain Management

## Opportunity

Our team found that replacing a paper intensive process with P-card payments can really pay off.

We were manually routing small dollar (under \$5,000) repairs and services purchase requests for approval through the purchasing department and paying them via paper checks. These people- and paper-intensive processes for low value purchase requests were costly!

## Approach

After evaluating the process and taking steps to mitigate risk, we decided the best approach would be to pay these low-dollar repairs and services with the Procurement Card (P-Card).

The Procurement and Contracting Services team worked with Banking Card Services on an agreement requiring the vendor to agree to UC Davis' terms and conditions prior to the repair or service performed, and track them for auditing.

Updating this process has led to both soft and hard cost benefits, including the elimination of thousands of Purchase Order transactions while gaining incentives through the P-Card program along the way.



## Results

Eliminating purchase orders and check disbursements for small payments adds up to savings on time and efficiency, along with P-Card incentive gains:

- **Time savings and efficiency** – Thousands fewer purchase orders to process and paper checks to disburse.
- **Incentives** – 86% year-over-year increase in Procurement Card incentives related to repairs and services.

**Total Benefit: ~ \$40,000**

# UC Davis: APO Limit Increase

**Team:** Michael Morgan and Jim Hewlett – Supply Chain Management; Jacqueline Velasquez – Administrative IT

## Opportunity

The UC Davis Procurement & Contracting Services unit of Supply Chain Management continually looks for ways to improve and expedite the purchasing process. Customer feedback indicated a need to reduce the length of time for review and approval of purchasing documents in the Kuali Financial System (KFS).

The Automatic Purchase Order (APO) limit is the amount by which a Requisition in KFS can be processed and approved without requiring review and approval by Procurement & Contracting Services. Until recently, the APO limit at UC Davis was \$4,999 – a relatively low threshold.

## Approach

In an effort to better manage the purchasing approval workflow and standardize our approval processes with other University of California campuses, Procurement and Contracting Services presented potential benefits and risks to the Controller's Office and campus leadership.

After reaching consensus, the APO limit was raised from \$4,999 to \$9,999 and a communication campaign announced the change to campus.



## Results

- **Time Savings** – By increasing the APO limit from \$4,999 to \$9,999, Buyers will see a 13% overall reduction in workload.
- **Increased Efficiencies** – Procurement & Contracting Services team members can now devote more time to analysis and negotiations for higher-dollar amount transactions.

**Total Benefit: 13% Reduction in Buyers' Workload**

# UC Davis: Printer Exchange Program

**Team:** Britany Duyanovich – Strategic Sourcing; Jen Carmichael – Management Services; Albert Miller and Mike Sandoval – Storehouse (all Supply Chain Management); and Mike McKinnon – HP

## Opportunity

Got old printers? UC Davis found HP's PurchasEdge Loyalty program can help. Like many campuses, UC Davis had scores of old, energy-hogging printers that needed replacement.

At the same time, the campus had earned significant points through HP's PurchasEdge loyalty program from previous purchases and consistent recycling of HP toner.

## Approach

As part of our goal to maximize incentives from supplier relationships, Supply Chain Management used points earned through the PurchasEdge program to purchase 150 new printers and recycle the old ones through HP.

This effort required significant collaboration across Supply Chain Management – from Purchasing to the Storehouse. We also collaborated closely with HP, which arranged for printer recycling in keeping with campus sustainability goals.

## Client Quote

The new equipment also pleased our customers, like Programmer Leng Lai's Mathematics department which had more than a dozen printers that qualified for exchange: *"Normally we request a bunch and only get a handful, but this time we requested 14 and got all 14," he said.*



## Results

- **Cost Avoidance** – \$150,500 street value of the 150+ printers deployed across campus.
- **Incentives** – Leveraging the PurchasEdge program, an under-utilized incentive of our contract/partnership with HP to maximize our supplier relationship.
- **Sustainability** – 150 high-energy consuming printers were recycled and replaced with energy-efficient models.
- **Collaboration** – Working in concert across Supply Chain Management and with HP.

**Total Benefit: \$150,500**

# UC Riverside: Cold Beverage Pouring Rights

**Team:** Ellery Triche, Matt Burke – Procurement; Jim Jenkins – Business Contracts; Matt Hull – Planning & Budget; David Henry – Dining Services; Tamica Smith Jones – Athletics

## Opportunity

When UC Riverside’s more than 15-year-old campus-wide cold beverage pouring rights contract with Pepsi expired, it was an opportunity to negotiate a more advantageous agreement. Despite our long history with Pepsi, we had no brand preference but instead were in search of a best value relationship.

## Approach

In January 2018, UCR initiated a competitive proposal process for a new agreement for our contract expiring October 1, 2018. We established a rigorous RFP process focused on guaranteed sponsorship and marketing support incentives as an important element of the selection process, along with stable product pricing.

We also proactively engaged the VC Business & Administrative Services and Chancellor to meet with key potential suppliers to provide their perspectives and additional emphasis on our priorities.

Once again, PepsiCo was selected for the new 10-year cold beverage pouring rights agreement, but on better terms. The previous agreement’s cash and product incentives had totaled \$2.8M over 10 years, the new agreement will bump that up to \$7M over the next 10 years.



## Results

**Incentives** – \$7M in guaranteed incentives – a \$4.2M increase over the previous 10 years. Guaranteed Incentives include:

- Chancellor’s Sponsorship Fund.....\$4M
- Flexible Spending Account.....\$1.739M
- Student Services.....\$120K
- Product (Promos)..... \$60K
- Dining & Athletic Equipment.....\$525K

**Collaboration** – Our cross-campus Evaluation Team included representatives from: Dining Services, Athletics, Planning & Budget, and Business & Administrative Services.

**Total Benefit: \$7M (over 10 years)**

# UC Riverside: eBuy Initiative

**Team:** Gigi Tisdom and Gae Purvis – Procurement; Andrew Cullum – Information Technology Services

## Opportunity

To be as cost-effective as possible, UC Riverside tries to be as creative as possible to improve procurement-related programs at our campus.

One key strategy has been to take an ‘ease of use’ approach with our highly-customized purchasing system and another has been to increase spending thresholds. These strategies allow us to maximize our services and incentives while minimizing costs.

## Approach

Enabling the Order Manager module in the Jaggaer eProcurement platform has given our campus clients the opportunity to more effectively and efficiently manage their purchasing needs and free up time to complete other tasks.

We’ve also maximized the number of available suppliers in our eProcurement catalog system – increasing the number of suppliers in our eCatalog by 30%.

Increased spending authority also promotes more effective and efficient purchasing. UCR recently increased the threshold from \$2,500 to \$5,000 for department PO and P-Card purchases, and plans to increase these limits again within the next 6-12 months.



## Results

**Cost reduction** – We receive the best available pricing on key products by campus clients utilizing eCatalog through Jaggaer.

**Incentives** – Directing clients to use eCatalog also increases our opportunity for program incentives.

**Collaboration** – Working with ITS to resolve technical issues and execute system enhancements ensures our clients have a positive ordering experience and will continue using the system for their purchasing needs.

**Total Benefit: Improved Efficiency and Incentives, Customer Service and Satisfaction**



# UC Riverside: UC Asset Protection Program

**Team:** Gigi Tisdom – Procurement Services / John Custer – UCOP Equipment Risk

## Opportunity

UC Riverside had the opportunity to become the first UC campus to pilot the UC Asset Protection Program (UCAPP).

As part of our integration plan, our team performed a review of our equipment purchase history for categorization and prioritization.

In the process, they discovered the service agreement for maintenance of autoclaves (pressure cooker-like devices used to sterilize equipment or super-heat materials) for the College of Natural and Agricultural Sciences (CNAS) was nearing expiration.

## Approach

Through coaching and relationship-building, we persuaded our client (CNAS) to participate in piloting this new program.

Under UCAPP, campus equipment failure and scheduled preventive maintenance is covered through UC's self-insurance policy which allows for guaranteed discounts on supplier-quoted service agreements.

UCAPP is modeled after Original Equipment Manufacturer (OEM) and third-party equipment service offerings, in which another party (in this case, UC) takes on the responsibility for insuring maintenance and service agreements.



## Results

**Cost reduction** – A cost reduction of 10% on \$34k in annual spend on this single transaction was achieved with the transfer to UCAPP, with no change in program administration for the Botany and Plant Services Department.

**Collaboration** – UCR worked with the client, UCOP Equipment Risk Manager, and Service Provider (Steris Corp) to obtain an immediate use quote and set up the program for clients.

This successful transition sets the course for future conversions to UCAPP at UCR.

**Total Benefit: 10% cost reduction**

# UCSD: Enterprise Financial Information System Replacement

Team: Ted Johnson, Todd Adams, Mary Chiu, Vince Kellen, Kevin Chou, Erin Kilburn

## Opportunity

To ensure UC San Diego's continued culture of innovation, ambition, and data-driven decisions as it faces unprecedented growth, they have made it a top priority to replace their aging, difficult to update, and costly to maintain Financial Information System (FIS) with a cloud-based software solution. Transitioning to a new system will allow the university to evaluate and streamline business processes using a more efficient, cost-effective, and low-risk solution.

## Approach

UC San Diego invited stakeholders spanning multiple divisions to participate in an inclusive, comprehensive, and collaborative RFP process with the top three bidders: Oracle, SAP, and Quali. All three bidders were provided in advance with detailed Conference Room Pilot (CRP) scripts with real UC San Diego business processes across eight domain topics. The CRPs involved 114 scorers and observers from multiple UC campuses including UCSD, UCOP, UCM, UCD, and UCI Health.

## Client Quote

*"The procurement approach for our FIS was a significant 'outside the box' process that was truly inclusive of our user community, ensuring real time buy-in to the final vendor decision while greatly streamlining our change management effort. A widely acknowledged success from everyone across the campus."*

—Bill McCarroll, ESR FIS Business Process Lead &  
Senior Director, General Accounting



## Results

- Oracle received the highest best value score and was awarded the contract, signed on October 31, 2018.
- Based on imputed historical cost, UCSD was able to capture \$8,987,792 in cost savings over the 15-year term, or an average of \$599,186 annually in cost reduction.
- Due to UC-wide collaboration, other campuses looking to replace their financial system had the option to join under the same contract. UCOP and UC Merced have opted in.
- The new financial system is slated to go live in July 2020.

**Total Benefit: \$8,987,792 (UCSD alone)**

# UCSD: Paving the Way to Sustainable Solutions

**Team:** Gary Oshima, Todd Adams – Integrated Procure to Pay Solutions; Gordon Macrebur, Toby McCartney – MacRebur

## Opportunity

Confirming the viability of plastic asphalt in the United States may solve our growing plastic waste problem and increase the lifespan of our roads. This fall, UC San Diego became the first testing ground for recycled plastic asphalt paving in the United States. The re-engineered pavement salvages plastic waste, using it to replace a portion of the crude oil-based bitumen in the asphalt, which should result in a longer lasting, more flexible surface. The new technology, developed by a UK company, MacRebur, is poised to move the asphalt industry toward a more sustainable solution that is environmentally-friendly and cost-effective.

## Approach

UC San Diego Construction Commodity Manager, Gary Oshima, reached out to MacRebur to test the company's plastic asphalt after watching CEO Toby McCartney's TED talk about the innovative idea. Oshima recognized that ongoing maintenance for over four million miles of paved roads is a crucial challenge, along with finding viable alternative uses for plastic waste, especially since the recent moratorium on exporting recycled plastic to China. Oshima says: *"We believe this technology has the potential to address both of these critical challenges. In addition to using unwanted plastics that would have been destined for our landfills or oceans, it also reduces fossil fuel usage and toxic off-gassing during manufacturing to protect the environment."*

## Client Quote

*"We're delighted to team up with UC San Diego to bring our pioneering plastic roads to California and the U.S. for the first time. We pride ourselves on being an innovative company; UC San Diego shares these values and is clearly a leader in their field."* —Toby McCartney, MacRebur CEO



## Results

- The equivalent weight of 200,000 plastic bottles was diverted from incineration or landfill in the 150 foot testing ground.
- Three sections of road were each paved with different variations of the plastic asphalt compound with specific testing parameters.
- Performance and environmental testing will be conducted and monitored by CalTrans to determine viability of this technology for the United States.
- Lower maintenance costs and environmental benefits provide a much lower life-cycle cost for the University.
- A recent skateboard test by the UC San Diego Integrated Procure-to-Pay Solutions marketing team resulted in a smooth (and fun) ride!

**Projected Total Benefit: Lower Life Cycle Costs (Maintenance & Sustainability)**

# UC Santa Cruz: TV Programming Services

**Team:** Kathleen Rogers, Procurement & Supply Chain Services; Jeff Wagner, Learning Technologies, ITS

## Opportunity

For the last several years, UC Santa Cruz had a cable supplier under contract to provide campus TV Programming Services. This contract was nearing expiration and presented a prime opportunity to compete the requirement, deliver expanded content, and obtain better pricing. The program operates under the direction of ITS and Colleges, Housing and Educational Services (CHES). UCSC was looking to gain a better deal along with new technology, but without equipment ownership.

## Approach

Kathleen Rogers worked with campus clients to determine the best procurement and contracting strategy as well as align our requirements with our updated Network Technology. Through early collaboration, the project team developed a comprehensive RFP (including Sustainable Business Practices - worth 20% of scoring points), and then evaluated the six responsive bidder systems across multiple platforms and devices using Best Value methodology.

We awarded the agreement to Comcast, and achieved an annual contract benefit of \$212,700 or \$1,063,501 across the initial 5-year term. In addition, we received an incentive of \$180,000 for campus sustainability programs along with other benefits of \$80,000, for a total one-time benefit of \$260,000.



## Results

Working with ITS and CHES, our collaboration efforts delivered:

- **Annual contract benefit of \$212,700 or \$1,063,501 across the initial 5-year term.**
- **One-time benefit of \$260,000** from a \$180,000 incentive and \$80,000 in other negotiated savings.
- **Improved TV programming services and equipment** including smart phone capability.
- **Increased funding** for campus sustainability programs.
- **Improved supplier reporting** on matrices etc.

**Total Benefit: \$1.3M+**

# UC Systemwide: IT Infrastructure

**Team:** Michael Wegmann, Meagan Torres, Dave Zavatson, Anthony Riles, Kazuto Okayasu, Jeff Khoury, Scott Wilzbach, Kevin Talbot, Fred Paulsen, Mohammed Rasool, Alex Carreno, Bill Storey, Tu Luu, Cesar Higueros, Tim Paul, Mark Redican, Bill Gee, Alfonso Vasquez, Robert Tannenbaum, Samer Khalil, Philip Lopo, Daniel Keister, Ju Kim, Andrew Cink, Saurabh Nautiyal, Neil Kronenthal.

## Opportunity

The UC IT Strategic Sourcing Team and the UC IT community partnered on a systemwide RFP encompassing a wide range of IT infrastructure products in the following categories: Routers and Switches, IT Servers, Wireless, Firewalls, and Storage.

## Approach

Systemwide IT Strategic Sourcing led an unprecedented coordinated effort across UC locations and functions to determine needs and priorities, conduct an exhaustive RFP, and choose the highest quality products for the best prices and terms.

We depended on a dedicated team of 25 subject matter experts and procurement specialists from across UC Campuses and Health systems to participate in the RFP process.

The resulting new agreements (posted in CalUsource) provide all UC locations with substantial discounts on products from the following OEMs/VARs: Cisco/ePlus, Dell, Fortinet/Dell, HPE/Dasher, Palo Alto Networks/WWT, NetApp, Juniper/InterVision, Pure Storage/WWT and Lenovo, along with professional services for installation, implementation and configuring.



## Results

Buying through these agreements will offer UC locations these significant benefits:

- **Low Cost** – purchasing organizations get excellent pricing. If they have high volume, they are also free to try to negotiate deeper discounts.
- **Speed** – no further competitive bidding is needed. Organizations just choose the product, buy, and install.
- **Flexibility** – two or more options are provided for each product category; organizations select the product that works best in their environment.

**Projected Total Benefit: \$16M (annually over 5 years)**

# UC Systemwide: Facilities Asset Inventory & Condition Assessment Services

**Team:** Anita Enos and Jiazhi Ma – Systemwide Strategic Sourcing; Ron Kalich, Brad Werdick, and Marc Heckman – Capital Asset Strategies & Finance; Pete Lentino – UCD Asset Management; and Susan Fish – UCSF Asset Management

## Opportunity

In support of the Integrated Capital Asset Management Program (ICAMP) initiative to systematically analyze UC facility conditions, the Systemwide Facilities and Asset Management group was seeking facilities asset inventory and condition assessment services to identify and validate the deferred maintenance associated with the UC portfolio of extensive real property assets.

## Approach

Systemwide Strategic Sourcing used the competitive RFP process to identify, evaluate, and select a partner that will coordinate and conduct field surveys of selected campuses real property assets, including buildings, components & equipment.

The team was comprised of systemwide facilities asset management personnel and selected campus representatives. The team evaluated three suppliers using the Best Value methodology and selected the most qualified supplier.

## Client Quote

*“Anita and Jiazhi were a joy to work with—leading us through the procurement process from initiation, solicitation, selection/award to completion with great professionalism, urgency and support.”* – Ron Kalich, Director, Facilities & Asset Management



## Results

Through the leadership of Systemwide Strategic Sourcing and support of Systemwide Facilities and Asset Management Group, these benefits were attained:

- **Cost Savings** – \$3.4M or 70% of the overall approved ICAMP budget for UCB, UCR, UCSC, UCM and UCOP.
- **Reduced Hourly Rate** – for additional services outside of initial scope of services.
- **Standardized Collection of UC Data** – UC facilities’ conditions, expected useful life, current indexed replacement values, deferred maintenance estimated costs, and risk management status.
- **Central Repository of UC Data** – consolidated into UC-ICAMP asset management software system.

**Total Benefit: \$3.4M**

# UC Systemwide: Maintenance Repair Operations

**Team:** Alex Butler (UCB), Tracie Mennenga (UCD), Kent Schofield (UCI), Cathy Gooderham (UCLA), Ken Masasso (UCM), Marshall Holman (UCR), Greg Muller (UCSD), Rosemarie Hughes (UCSF), Heather Perry (UCSB), Robert Vitale (CSC), Reynaldo Cano-Boza (UCOP), Mary Carrillo (CSU Chancellor), Jorge J.C. Sales (FCCC), Adrian Ferreira (UCOP)

## Opportunity

Public institutions like UC can save money when they band together to leverage their buying power and create economies of scale. This is the underlying concept of the Maintenance Repair and Operations (MRO) and Related Services collaborative agreement and the lead agency model it employs.

Several different but similar suppliers were contracted for maintenance, repairs and business operations throughout California public higher education systems, including the University of California (UC), California State University (CSU), and California Community Colleges (CCC). This created the perfect opportunity for a collaborative RFP on behalf of these institutions to lower overall costs, as well as gain revenue through a group purchasing model.

## Approach

In addition to collaborating, UC implemented a 'lead agency' model with National IPA (a Group Purchasing Organization) allowing these solicitation results to extend to other public agencies across the nation like school systems, state/local governments, and nonprofits. They are eligible to 'piggy-back' on this purchasing agreement for lower costs, a model that produces revenue for UC, the lead agency.

Aggregating California purchasing power in a collective RFP created large economies of scale, eliminated duplication of effort, and saved time, resources and expenses. This RFP also implemented important criteria like: Sustainability, Small Business, Reporting/Dashboard, Inventory Management, and Emergency Response.



## Results

- **Contract** – Fastenal and Grainger awarded MRO Distribution. All Phase (CED) awarded Lighting and Electrical.
- **Cost reduction** – 30% savings from prior agreements, granting UC ~\$36M in initial 5-year term. CSU annual savings of \$2.6M. CCC annual savings of \$2.2M.
- **Incentives** – Varied by contracted supplier: Sustainability, Private Label, Growth, National Sales, E-Commerce, Early Payment, Custom Market Basket and Last Mile.
- **Revenue** – \$1.1M annual with a potential of \$5.6M in 5-year term total, due to lead agency model.
- **Collaboration** – University of California, California State University, California Community Colleges, National IPA

**Projected Total Benefit: \$42M (over five years)**