

Impact Report

Procurement Working for You

partnership

systemwide

category expertise

efficient

collaboration

leverage

power of collective spend

cost avoidance

expand

commitment

benefit

sustainable

opportunities

cost savings

strategic

incentives



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 \$7.9 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 Laundry Services, Uniform Rental and Direct Sale Merchandise

Team: Nancy Nieblas, UCSC; Scott Day, UCSD, Karen Smith, UCM; Steve Dundish, Vitor Mitry, UCLA; Dan McCann, UCD; Sal Genito, UCB; Andreas Schuerkmann, Risk & Safety Solutions, UCOP; Eric Pollack, Lori Brierre, Jason Hall, UC Procurement Services, Oakland

Opportunity

Laundry services, uniform rental and direct sale merchandise represent approximately \$9.2 million in annual spend across three major stakeholder groups (EH&S, Facilities, and Housing and Dining) and 8 suppliers. Feedback from clients indicated that there were issues with the recent systemwide supplier. UC Procurement Services sought an opportunity to combine multiple product and services categories into a primary supplier relationship.

Approach

UC Procurement deploys a seven step sourcing process; however, the Facilities & Maintenance COE went a step further to produce a superior customer service outcome. The F&M COE organized a laundry summit to drum up excitement among the supplier base and educate over 20 UC employees on the state of the laundry industry. Additionally, the F&M COE held campus walk-throughs. These additional steps helped build a strong supplier understanding of campus needs.



Results

- **Cost Savings-** Consolidating spend and supply base resulted in savings of \$4.6 million
- **Administrative Efficiency-** Supplier integrating to eCommerce system to provide P2P efficiency
- **Sharing Inventory-** Participating campuses have the opportunity to share stagnant inventory (i.e. 100% savings on a potential lab coat purchase)
- **Elimination of extra charges-** Supplier offered 2 weeks of free service to supplement any costs incurred as a result of switching to a new supplier

Total Benefit \$4.6 million annually

UC SHIP Dental and Vision Benefits

Team: UC SHIP Evaluation Committee; Alliant Employee Benefits Team; Amanda Marks and Sara Kayser, UC Procurement Services, Oakland

Opportunity

There are approximately 72,000 graduate and undergraduate students and their dependents on eight University of California campuses (Davis, Hastings, Irvine graduate students, Los Angeles, Merced, San Diego, San Francisco and Santa Cruz) that participate in the UC SHIP (Student Health Insurance Plans) program. The primary opportunities to be addressed included: achieving savings without plan benefit modifications, ensuring access to a broad network of providers, ensuring the best provider discounts, improving current service levels to students, improving student engagement in the plan through online and/or mobile technology, and evaluating alternative benefit, administrative and funding options.

Approach

UC SHIP and UC Procurement partnered to review the dental and vision insurance marketplace to ensure that students were receiving the best financial, contractual, and service terms. The UC SHIP Evaluation Committee worked closely with the Executive Oversight Board (EOB) on the final approval of the selected suppliers and of the appropriate funding arrangements. The RFP structure allowed suppliers to submit proposals under separate bids which allowed for most competitive offers: 1) fully insured for dental services 2) self insured for vision services.



Results

- **Total Cost Savings** – The UC SHIP Dental and Vision plans will save approx. \$1.4M annually resulting in nearly \$4.23M benefit over three years
- **Collaboration** – A new sourcing partnership between UC SHIP and UCOP Procurement teams demonstrated efficiency and significant savings by working together
- **Incentives** – Rates are firm and fixed for the first 3 years and contracted rates negotiated for years 4 and 5, with the option to transition funding arrangements if needed
- **Innovation** – Splitting the RFP into Dental and Vision components provided UC with best-in-class service and value across requirements

Total Benefit \$4.3 million (over three years)

UC Santa Barbara Liquid Nitrogen Bulk Tanks

Team: Chris Lavino, Paul Gritt, Robin Jenneve, Mike Moore, Engineering; Mike Deal, Physics; Bob Hanson, California NanoSystems Institute (CNSI); Calli Price, Procurement Services

Opportunity

UCSB has 4 sizable tanks in 3 separate departments with varied use and requirements. It was time to explore new opportunities after having contracted nearly decades with the same vendor for our bulk supply of liquid nitrogen. After completing a cost analysis of buying and maintaining our own bulk tanks, UCSB agreed the projected cost savings of renting tanks and requiring the elimination of delivery, fuel, hazmat, telemetry, and energy charges with a new contract was compelling.

Approach

Procurement, Engineering, Physics and CNSI spent two years working together to conduct the cost analysis and develop a new RFP based on the data. The team unanimously agreed on an award to a new supplier. UCSB achieved a 50% savings across all 4 tank locations, less on-campus deliveries with the installation of a larger tank, and a positive relationship with a new supplier.

Client Quote

"It was a long process, full of many issues, but successfully completed! We have received several emails with positive feedback from our users. I would like to extend a special thank you to Calli, you did a GREAT job representing UCSB with the vendors and thank you for sticking with us through the all the crazy turns this process has taken!"



Results

- **Cost reduction-** 50% savings over the course of a 5-year contract
- **Cost avoidance-** No construction project management or vendor installation costs
- **Collaboration-** The result was a collaboration between three separate departments with varying degrees of service needs
- **Sustainability-** Fewer weekly truck deliveries, and solar-powered telemetry units result in reduced carbon footprint

Total Benefit \$2,127,168

UC San Diego Cisco Discount

Team: Information Technology Services Infrastructure Operations and Bryan Hurley, Integrated Procure-to-Pay Solutions

Opportunity

UC San Diego needed to purchase a large volume of wireless access points to continue the upgrade and deployment of the campus-wide wireless infrastructure. The Commodity Manager recognized an opportunity for additional discounts to be applied since Cisco has offered similar reductions in pricing on previous orders with comparable dollar volume.

Approach

The request was made through the UC San Diego Cisco Sales Representative. Cisco responded with a 64% reduction off the list price. The Commodity Manager also mentioned that UC San Diego had many technical staff in need of training. Cisco increased the incentive by adding \$30,000 in training credits, which brought the total discount off list price to 64.57% (\$256,820).



Results

- **Cost Savings-** \$226,820 in negotiated discounts
- **Cost Avoidance-** Received 300 training credits for staff valued at \$30,000
- **Potential Future Savings-** The negotiation set a baseline for future volume discounts on large orders

Total Benefit \$256,820

UC Santa Barbara Dining Services - Specialized Dairy Supply

Team: Jill Horst and Danielle Kemp, Dining Services and Jason Gonzalez, Procurement

Opportunity

UCSB Dining Services is one of the fastest growing units on campus, adding a new dining facility, Club restaurant and several convenience stores within the past year. The school's location on the Santa Barbara coastline (off the main north-south shipping routes) makes it difficult to find a supplier who can deliver and rotate product on a daily basis.

Approach

Keeping the expanding scope and service needs of the department in mind, the bid team wrote a highly specified RFP that called for delivery and rotation of all product on a consistent "6 days a week" basis. Additionally, invited bidders were required to submit a cross sectional sample of their offerings for a taste test, conducted by the dining hall staff.

This resulted in a highly competitive process, with the incumbent contract holder being awarded. As part of the bid, they re-formulated pricing on some products to parallel the systemwide contracts of their included commodities (e.g. soft cheeses, flavored milks, yogurts).



Results

- **Cost Reduction-** The new agreement netted a cost reduction of 3% annually, which will save the department \$18,000 per year over the life of the contract
- **Sustainability-** The awarded supplier is a locally based firm with a substantive commitment to recycling, waste management, fuel conservation and organic products. This contributes to the systemwide "carbon neutrality initiative", to be completed by 2025.

Total Benefit: \$54,000 over 3 years

Lick Observatory Wildfire Hazard Mitigation Project

Team: Anna Korossy-Eredia, UC Observatories and Kathleen Rodgers, UCSC Procurement Services

Opportunity

Lick Observatory, located on Mount Hamilton, has been an active research facility since 1888, currently operated by UC Observatories. Lick Observatory is located in an area that is prone to extensive wildfires, potentially endangering staff and unique research assets. UCOP provided UCO with one-time funding to address this safety issue.

Approach

UCSC Procurement Services conducted an RFP to identify a supplier with the experience and capacity to perform this work at the lowest possible cost. Previous mitigation work was performed in 2008 for \$382,400 and funded by the Governor's Office of Emergency Services.

The awarded supplier's bid proposal was \$272,182 with a final contract award amount of \$246,246. UCSC Procurement Services was able to negotiate cost while maintaining a high level of service.

Client Quote

"UCO appreciates UCSC's expertise and collaboration in executing this complex contract."

-Anna Korossy-Eredia, Assistant Director, UC Observatories



Results

- **Cost savings-** The negotiation produced a cost savings of \$25,936, which was at an even lower cost from 8 years ago
- **Best value-** Best value selection process was utilized
- **Collaborative evaluation process-** Using the sourcing tool, UCSC was able to implement a collaborative evaluation process
- **Reducing environmental hazards-** The project reduces the likelihood of potential wildfires, protecting surrounding land

Total Benefit \$25,936

UC Santa Barbara Dining Services - Coffee Supply

Team: Jill Horst and Danielle Kemp, Dining Services and Jason Gonzalez, Procurement

Opportunity

As time expired on UCSB Dining Services' coffee supply agreement, the school was adding several thousand resident students and a new dining hall. These developments will double the spend on this commodity over the next few years, up to \$180K. Knowing that new coffee concept opportunities had been developed since the last agreement, the team went to the market for a new supplier, eventually receiving bids from a range of coffee companies that varied in scale and offering.

Approach

The team authored an RFP that combined traditional dining hall supply with their new convenience store and Faculty Club needs. In addition, verifiable sustainability criteria were written and given strong weight within the bid. The winning supplier not only admirably fulfilled the "green" requirements, but also offered improved quality and a substantial savings over the prior awardee.

Client Quote

"Thank you for this wonderful news (on the bid award). We are so grateful for the opportunity to serve your campus, and look forward to providing you with great coffee!"



Results

- **Cost Reduction-** The competitive bid process resulted in a 13% savings for the unit. If the contract uses the negotiated extension clauses, Dining Services stands to save almost \$50K over 4 years.
- **Collaboration-** This was the first time that the Dining Services department worked with Procurement for their commodity bidding. The process not only elicited positive results, but set a template for the unit's future bid events.

Total Benefit: \$22,543 over 2 years

Thank You

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