UNIVERSITY OF CALIFORNIA

July - December 2019

Impact Report

Procurement Working for You

partnership
systemwide
efficient
category expertise
leverage
collaboration
cost avoidance
power of collective spend
expand
commitment
benefit
sustainable
opportunities
cost savings
strategic
incentives

Sponsor's Message

Dear Colleagues,

Each year, over 300 University of California supply chain and procurement team members help administrators, faculty and students purchase over $8 billion in goods and services in support of our institution's missions of teaching, research and public service.

While our supply chain and procurement team's mission begins with *meeting the needs of our clients*, we are also proud of our efforts towards sustainable procurement practices and our track record of using our expertise to serve as a high performing strategic partner.

We are *expanding opportunities* for the University by leveraging the power of our collective spend and lowering the total cost of ownership, redirecting these savings to support the University's core mission.

On behalf of our dedicated 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 show our team's goal of delivering efficient procurement services and savings to expand opportunities for teaching, research and public service.

UC Procurement: Audio/Visual Goods and Services

Team: Andy Murray (UCB); Steven Edington (UCD); Eric Rupp (UCI); Todd Weber (UCLA); Jodon Belefatto (UCM); Randy Kemish (UCOP); Bryan Hurley, Fred Marquez, Arturo Acevedo (UCSD); John McWalter (UCSF); Matthew Linzer, Neil Kronenthal, Jeremy Meadows, Yvonne Tevis, Judy Thai, Michael Wegmann (UCOP).

Opportunity

Audio Visual goods and services are some of the most in-demand in today's world, making it imperative to approach this category strategically. The UC IT Strategic Sourcing Team and UC IT community, along with OMNIA Partners, collaborated on a systemwide RFP encompassing a wide range of Audio Visual needs.

Approach

Systemwide IT Strategic Sourcing led a 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 14 subject matter experts and procurement specialists from the UC campuses to advise during the RFP process.

The resulting new agreements (posted in CalUsource) provide all UC locations with substantial discounts on products from over 40 different OEMS. A matrix of suppliers and pricing by manufacturer can be found at: AV Discount Guide.

Additionally, UC is a lead agency in two of these agreements meaning other public agencies (state and local governments, public and private K-12 and higher education institutions, and nonprofits) can also purchase from these high value agreements, with UC deriving associated contract administration fees.
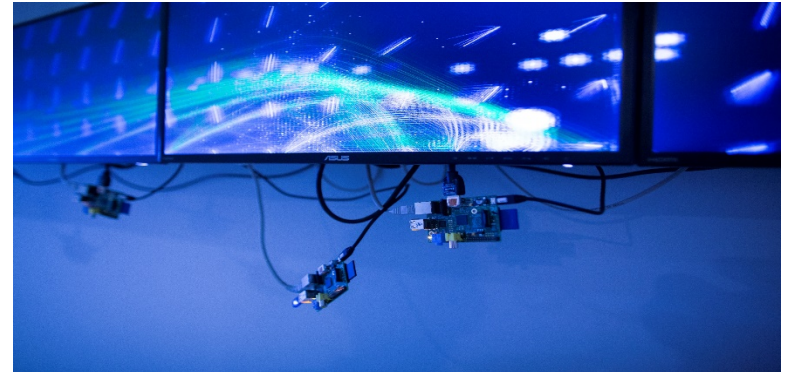
Results

Four suppliers awarded: Key Code Media, One Diversified, Signal Perfection (aka AVI-SPL), and LightWerks.

Buying through these agreements offers many benefits:

- **Low Cost:** purchasing organizations get excellent pricing discounts. If they have high volume, they are also free to negotiate deeper discounts.
- **Speed:** no further competitive bidding is needed. Organizations simply choose product, buy, and install.
- **Flexibility:** 4 suppliers for organizations to choose from to find the best option for their location.
- **Additional income for UC:** Lead agency agreements with OMNIA for Key Code Media and Signal Perfection enhance UC's bottom line.

Projected Total Benefit: $1,906,359 cost reduction annually

UC Procurement: Systemwide Integrated Library System (SILS)

Team: SILS Project team (https://libraries.universityofcalifornia.edu/sils/rosters); Matt Linzer and Yvonne Tevis (UCOP); Neil Kronenthal & Bala Balakumar (UC Procurement)

Opportunity

Previously, each University of California (UC) library had independently licensed integrated library system software. These systems were networked by a patchwork of services and connective systems to ensure campus collections were accessible systemwide to all UC students, faculty and staff.

The UC Libraries determined that deploying a cloud hosted and shared systemwide integrated library system (SILS) would fundamentally improve collaboration, library collections, operations and services.

Approach

UC Libraries staff partnered with UC IT Strategic Sourcing to:

- Review and determine UC's requirements
- Develop and conduct an RFP
- Evaluate supplier RFP responses
- Identify the integrated library system solution and associated implementation services best aligned with UC's needs.

As a result of this process, UC negotiated a systemwide agreement with Ex Libris, a leading market supplier. This agreement is comprised of terms aligned with UC's needs and compliant with policy and the law.

Results

- **Streamlined services:** Library services will be more efficient on a single system, resulting in an improved patron experience.

- **Precedent-setting collaboration:** Highly productive collaboration between UC Libraries staff from 10 campuses, California Digital Library, two Regional Library Facilities, and UC Procurement sets best practices for future success.

- **Future-facing services:** Resources that were going towards maintaining legacy systems can now be focused on future opportunities and enhancements.

Projected Total Benefit: $815,795 (over 3-year term)

UC Procurement: UC Medicare Choice Plan

Team: Amanda Marks & Jiazhi Ma (UC Procurement); Michael Baptista, Susan Pon-Gee, Terri Flock, Irene Dorsey, Heather Pineda, Jae Sung (HR Benefits); Laura Tauber & Laronne Faulkner (UC Health); Joel E. Dimsdale, Eric Vermillion & Frank Trueba (CUCRA/CUCEA); Bob Anderson & Richard Kronick (Academic Senate); and Deloitte Consulting

Opportunity

The UC Medicare Advantage Prescription Drug (MAPD) PPO plan had never been competitively bid and there have been significant changes in health insurance industry Medicare "Part D" plans.

The University regularly collaborates with active and retired stakeholders to understand what they value in the retiree health program. The interest in exploring a MAPD PPO plan was based on the understanding that savings can be achieved with little provider disruption and without reliance on cost-shifting through plan design changes.

Approach

UC Procurement conducted a competitive bid process to examine MAPD products and all options to keep its retiree health program on stable footing while preserving maximum value to retirees.

The evaluation team included members from UC Health, HR Benefits, CUCRA/CUCEA and Academic Senate, using a Best Value Methodology. It was important to the team to conduct a thorough evaluation, including site visits to potential customer call centers to ensure the highest quality.

The evaluation team reached consensus in awarding the UC Medicare Choice Plan to United Healthcare, effective as of January 1, 2020.

Results

- **Cost Savings** – $214.7M in total savings over the 3-year contract term.

- **Collaboration** – the success of this RFP is a result of the leadership of UC Procurement and the dedication of the evaluation committee: HR Benefits, UC Health, CUCRA/CUCEA, and the UC Academic Senate.

- **Strong Enrollment** – Over 10,000 retirees successfully enrolled in the Medicare Choice Plan during the 2020 Open Enrollment period.

Projected Total Benefit: $214.7 Million (over 3-year contract)

UC Procurement: Lease Accounting Solution

Team: Denny Cheuk, Juan Zaragoza (UCD); Forever Merritt, Winny Poon, Soren Claudi Bondesen (UCLA); Jon Ip (UCLA-H); Arturo Martinez (UCM); Brandi Mulvey, James Golde, Tim Moore (UCSD); Angeline Ong, Ana Lee, Ramil Ramos, Tamara Pabis, Ali Bouhelal (UCSF); Yanee Pongsupapipat, Jean DeMartini, Sandra Carmero, Sophie Luna, Shirley Bittlingmeier (UCOP); Reid Hollyfield (UC-H); Judy Thai (Accessibility); Neil Kronenthal (Analytics); Matthew Linzer (Security); Roshni Pratap (ITSS).

Opportunity

The newly issued Governmental Accounting Standards Board (GASB) Statement No. 87 introduced fundamental changes to lease recognition, measurement, and related disclosures for leases, and required UC to be compliant by June 30, 2021.

These changes opened the door to a more holistic approach to lease accounting practices with many beneficial results.

Approach

All UC locations agreed to identify and deploy the same solution to comply with the new GASB 87 requirements.

In partnership with the UC-wide Controllers group, UC IT Strategic Sourcing led a dedicated team of 24 subject matter experts and procurement specialists from across UC Campus and Health locations to:

- Determine UC's solution and implementation needs
- Draft and conduct an RFP
- Evaluate supplier responses
- Identify the GASB 87-compliant enterprise lease accounting solution (with associated implementation services) best aligned with UC's needs.

Results

Agreements were awarded to Lease Accelerator (OEM solution provider) and RGP (implementation partner).

Benefits from taking a UC-wide strategy include:

- **Single platform:** Leverage UC-wide volume to achieve best terms and pricing for all UC locations. Inter-location knowledge sharing improves implementation and usage.
- **Local Autonomy:** Each location retains control of local lease administration and accounting while enabling a consolidated view of lease data and financial disclosures across the system.
- **Improved Efficiency:** Automation of lease recording to reporting process reduces time to conduct month/year end close and consolidation, and reduces errors.

Projected Total Benefit: $920,000 (over 5 years)

UC San Diego: Logistics 2.0

Team: Jeremy Meadows, Tu McClurg, Silvia Rivera, Kristen Weidler, Ana Portlock, Mary Chiu, Stephanie Sanudo, Joy Choi, Leah Negrete, Alma Mendoza, Tim Wheeler, Scottie Profitt, Robbie Jacob (UCSD IPPS)

Opportunity

UC San Diego transformed its 'last-mile delivery' infrastructure by creating efficiencies and generating revenue to enhance the campus experience and support the growth outlined in the UCSD Long Range Development Plan.

These growth projections include: a 45% increase of students living on campus, 27,886,300 new gross square feet, ~2 million packages yearly, and ~90,000 daily campus visitors.

Approach

IPPS conducted a feasibility study over the past year to identify process and procedure enhancements in Logistics operations that would help accomplish these goals.

This initiative was organized into five pillars—Carbon Neutrality, Operations, Financial, Culture, and Partnerships—that encompass the entirety of Logistics activities. Out of that grew a comprehensive project plan with 201 action items segregated into these pillar categories.

Highlights of the project include:
- transforming our fleet to be the first carbon-neutral Last-Mile in higher education
- removing 520 duplicate delivery stops between two units
- implementing two nimble financial platforms
- increasing partnerships with external suppliers and internal UC San Diego stakeholders.

Impact Statement

Logistics 2.0 established the foundation for Logistics to be the **single, most efficient, and carbon neutral last mile entity** serving UC San Diego.

Single Logistics Unit · Carbon Neutral Last Mile · Ownership of Last Mile

Results

- **Reduction of ~$33,500 in fuel & maintenance costs and 15 metric tons of carbon** by introducing two electric delivery vehicles

- **Savings of $196,232** by implementing a customer inquiry/service request portal (reduced inquiries and elimination of manual billing entries)

- **Elimination of 94 man-hours ($2,594) of financial analysis time** through use of new analytic tools

- **Holistic Logistics unit** from integration of Mail & Material Support units

- **Eventual $173,477 in last-mile revenue** once current suppliers onboarded

Total Benefit: $232,326 cost reduction now; $173,477 revenue later

UC San Diego: Mail Delivery Status Notifications

Team: Alex Munoz, Ivy Deane, Tim Wheeler (IPPS)

Opportunity

You've got mail! UC San Diego's Campus Mail program processes 1.5 million letters annually for over 550 on- and off-campus mail codes. The accurate delivery of this mail from both internal and external sources is integral to the overall functioning of the university.

Since 2017, Mail Services has received 4,586 customer support tickets. 41% of these tickets involve the operations of Campus Mail, including mail delivery and parcel pickup. These customer support cases require an average of 6.5 hours weekly to manage, using valuable employee resources. Additionally, Campus Mail is slow in responding to mail delivery tickets, which results in even more complaints.

Approach

IPPS implemented process changes to address these challenges.

- **Scan points at each mail code stop trigger emails** to inform campus of mail delivery status.
    - Route times remain relatively consistent despite the additional procedure of scanning each mail stop.
    - More accountability and data about mail code delivery better informs customer support inquiries.
- **Communications sent from each scan** provides the customer with information about that mail code address.
- **Accompanying reports** ensure accountability and verification of delivery to assist with customer inquiries.

Results

These process improvements result in cost reduction and cost avoidance in these areas:

- **Time Savings:** less unnecessary checking of mail boxes and contacting Mail Services, thereby reducing customer support cases about mail delivery/pickup.
- **Increased Accountability:** Campus Mail can view serviced mail codes by internal carrier.
- **Communication Channel:** automatic updates eliminate need for Campus Mail to initiate updates.
- **Transferable Technology:** easy transition as the Logistics units merge into one organization.
- **Standardization of Scan Points:** eases training and ensures process consistency.

Total Benefit: $18.5K cost reduction now; **$27K** annually

UC San Diego: Reverse Auction

Team: Mary Wong, Lynda Ta, Greg Muller (UCSD); Nick Worn (UCSD Health Systems)

Opportunity

UCSD Health Systems reached out to Integrated Procure-to-Pay Solutions (IPPS) team members, Greg Muller, Mary Wong and Lynda Ta for help in running a reverse-auction.

(In a reverse-auction, the roles of buyer and seller are switched. There is one buyer and many potential sellers competing for the buyer's business. As sellers compete, prices decrease as they underbid each other.)

Approach

For their first reverse auction, the team wanted to get it right. They brushed up on reverse auction best practices. And, thanks to CalUsource, saw that UCLA had done some reverse auctions and sought them out for advice.

To prepare for the event, they created multiple training sessions for suppliers and IPPS team members to familiarize themselves with the reverse auction tool. These sessions helped overcome challenges like a 1.5% bonus-malus, adding contacts, and navigation.

Though the initial opening of the auction was slow, the last two minutes were neck and neck, resulting in three extensions due to suppliers' last-minute competitive bidding.

(Graphic in upper-right illustrates reverse auction race.)
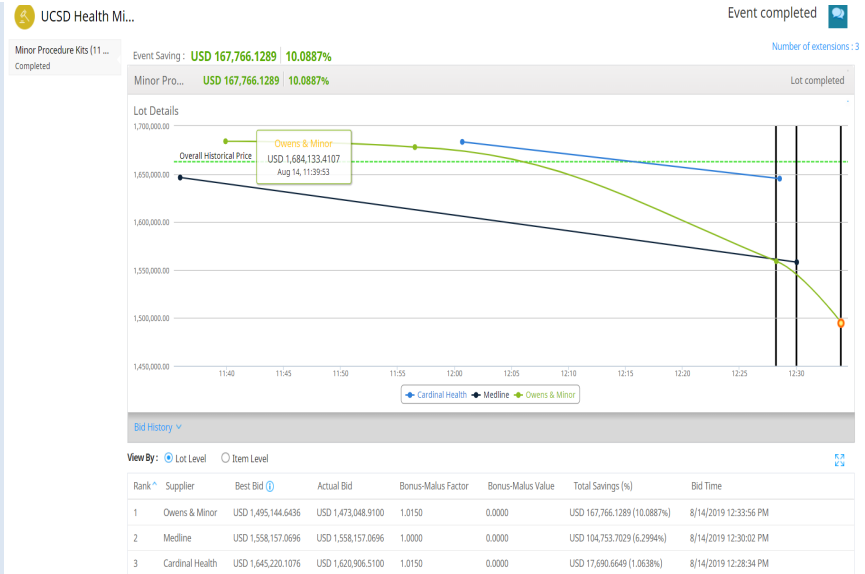
Results

Key benefits gained from this experience:

- **Collaboration with UC San Diego Health System**, opening the door to future partnership opportunities
- **$167K+ (10%) in savings**
- **Knowledge and experience** in conducting reverse auctions

Total Benefit: $167,000 cost reduction

UCSF: The Campaign - Fundraising

Team: Robert Puerzer (UCSF Supply Chain Management); Jane Goodman & Aubrey Feeley (UDAR)

Opportunity

UCSF University Development and Alumni Relations (UDAR) embarked upon a landmark fundraising effort in late 2017. With the launch of the $5 billion fundraising campaign — the largest goal ever announced in the UC system and one that ties as the largest campaign ever by a public university in the U.S. — there was a need to produce materials and events that were bolder, more sophisticated and less 'institutional' to attract donors at the very highest levels.

Approach

The vast majority of the collaborative, campaign-related work was done in-house. UCSF Supply Chain Management helped UDAR issue three outside initiatives: Fundraising Campaign Creative Development RFP, Campaign Film RFP, Campaign Website RFQ. Six agencies with strong creative and fundraising experience were invited to participate.

These creative development initiatives were based on:

- a disciplined, systematic process of value-added procurement strategies for bottom-line benefits
- quality products and on-time deliverables through formed partnerships with our supplier base
- applying lessons learned from other sourcing initiatives to shorten our sourcing cycle time and achieve best-in-class practices.

Client Quote:

"It's been wonderful working with Bob on our campaign RFPs. He provided excellent background and feedback on how to most effectively structure our requests."

  – Jane Goodman, Executive Director of Advancement Communications
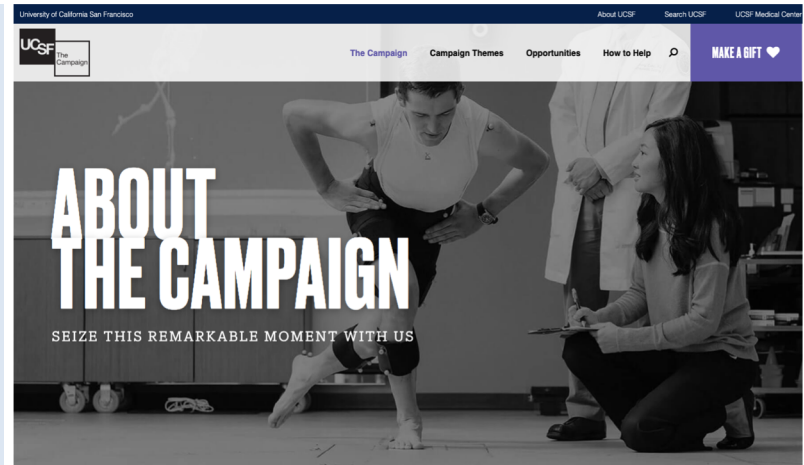
Results

- Engagement and cultivation of donors at an unprecedented level – 202,979 total donors thus far

- Funding for transformative research, education and patient care

- Financial support to help solve some of the world's most intractable health challenges

- Opportunities to pursue bold science and unconventional approaches

- Building a foundation for the future through an investment in capital projects

Total Benefit: Contributions of nearly **$4.5 billion**, so far…

UCSF: Concur Detect

Team: Vanessa Wong, Lian Sussmann, Melissa Gee, Bernie Simon, Philip Nguyen, Stanley Low, Leslie Siegmund (UCSF Supply Chain Management Financial Operations and Systems)

Opportunity

UCSF implemented Concur Expense (known as 'MyExpense'), an automated reimbursement system 10 years ago. Currently, MyExpense supports roughly 88,000 expense reimbursements per year for Campus and Health. UCSF utilized the robust audit rule functionality within MyExpense to capture exceptions and violations then route expense reports for further manual audit review to ensure UC policy compliance.

With Concur Detect, UCSF saw an opportunity to increase visibility into expense reports, and automate and simplify expense report auditing while driving policy compliance.

Approach

In Fall 2019, UCSF Supply Chain Management Financial Operations and Systems previewed Concur Detect in read-only mode with live MyExpense data to better understand system functionality and ramp up for go-live. In November, Concur Detect launched as a limited scope pilot project.

Concur Detect automatically analyzes 100 percent of expense reports before reimbursement. Detect uses the power of artificial intelligence and machine learning paired with configurable rules to detect high risk lines, hidden issues and policy violations.

UCSF is now embarking on a positive, cost-effective change to effectively audit travel expenses, ensuring transaction accuracy and policy compliance while reducing manual audit pain.

Results

Three weeks into the pilot**,** 94 of 6059 expense reports routed through Concur Detect were identified as high-risk duplicates requiring more in-depth review. Manual auditing would have likely missed these.

- **Risk reduction –** More accuracy and less fraud by broadening the scope of expense report auditing to 100 percent. It detects fraud, unallowable expenses, duplicates and mistakes.
- **Greater visibility –** Dashboard and reporting analytics from Detect provides insight into transactions, user behavior, spend data and training opportunities.
- **Increased Compliance –** Better policy compliance using a centralized process and technology to manage high-risk reimbursement requests.

Total Benefit: Policy Compliance & Risk Mitigation
(Actual savings dependent upon amount of unallowable/fraudulent reimbursement prevented)