Collaboration & Contracting to Save Money for Multi-Campus Systems

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Topics of Discussion

- Contracting Management Department & Information Technology Department Collaboration

- Accelerate ASU – Efficiency Study

- Actions Taken

- Recommendations For You To Do

- Q & A

Contract Management and ITS Collaboration

- Campus Cost Containment Committee
- Co-Chair Print Management Program – Outsourced
- Share Similar Vision to Automate / Streamline
- Planned eProcurement Opportunity
- Worked with Vendors Together
- Improvement, Planning and Review Discussions
- Good Solid Partnership with Similar Goals

Accelerate ASU – Efficiency Study

- Hired Huron Consulting Company
    - 10 Month Study
    - Interviewed Key People at 5 Campuses
    - Recommendations for each of 5 Campuses
- Reviewed all Functional Operations Areas
- Recommendations Made for each Area each Campus
- System Wide Discussions
    - Procurement Meetings
    - CIO Meetings

Actions Taken

- Created Contract Management & Strategic Sourcing Office

- Formed a System Wide Vendor Contract Group

- Purchased and Implementing Contract Mgmt System

- Researching to Select eProcurement System

Actions Taken

- Weekly CIO Conference Calls
  - Share ideas, contract together, group vendor meetings
  - Reduced time for solutions
  - Reducing and containing costs
  - Sharing services – creating efficiencies

- Moving from 4 ERP systems to 1 Uniform ERP for All Campuses
  - Shared Efficiencies
  - Shared Resources
  - Common Data Sets and Reporting
  - Real Time Analytics

Recommendations For You

- Strategic Sourcing Analysis

- Total Spend Categorization and Data Analysis

- State Contracts

- Opportunity Calculations

- IT Services Analysis

- Lessons Learned from Both areas

Examples of Potential Strategic Sourcing

Financial Opportunity
Savings: $1MM - $2MM

Level of Effort on Scale 1 -10
- Service   5
- Implementation 4
- Risk   3
- Realization   5

Focus Areas

Level 2 Category	FY17 Spend ($K)	% of Spend	Est. Avg. Savings Range Low	-	High
MAINTENANCE AND REPAIR SERVICES	$7,901	31%	3%	-	6%
TRAVEL	$5,103	20%	2%	-	3%
COMPUTER HARDWARE	$4,950	19%	7%	-	12%
OFFICE SUPPLIES	$2,040	8%	11%	-	15%
MAINTENANCE AND REPAIR PRODUCTS	$1,687	7%	5%	-	9%
SCIENTIFIC SUPPLIES	$1,580	6%	1%	-	4%
STAFFING	$840	3%	4%	-	7%
DOCUMENT SERVICES	$769	3%	7%	-	10%
FURNITURE	$561	2%	4%	-	7%
Focus Area SubTotal	**$25,430**	**100%**			

Source: (A-State & Huron, 2017)

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Spend Categorization & Data Analysis

The data was further cleansed and categorized to identify categories of spend influenced by strategic sourcing efforts.

ASU System Spend Categorization Summary[1]
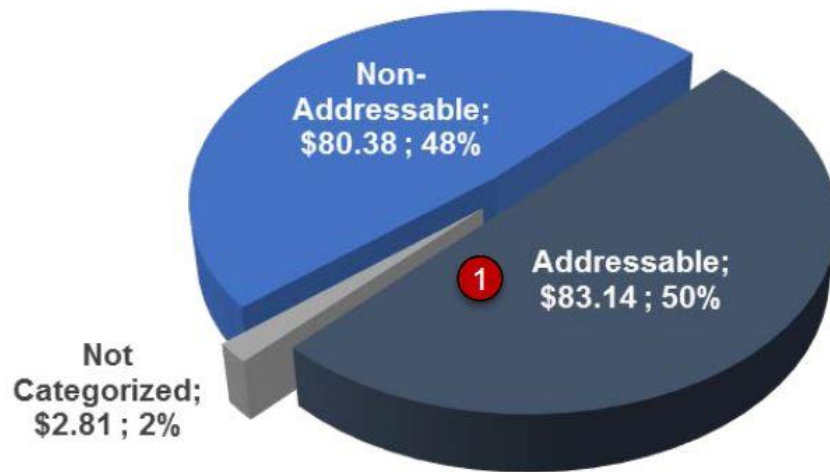
Type	Description
Addressable	Spend influenced by strategic sourcing efforts, i.e. competitive pricing, financial incentives, improved supplier relationships, process efficiencies, etc.
Non-Addressable	Spend not influenced by strategic sourcing efforts, i.e. internal transfers, not-for-profit institutions, government payments, dues and memberships, payroll, etc.
Not Categorized	Vendors with nominal spend, unidentifiable names

Non-Addressable; $80.38 ; 48%

Addressable; $83.14 ; 50%

Not Categorized; $2.81 ; 2%

(1) Huron found that of all the Procurement data received by the ASU System, roughly ~50% of it is addressable spend

The lesson here is to continually clean, categorize, and analyze the data to identify categories of spend that can be influenced by strategic sourcing efforts.

Source: (A-State & Huron, 2017)

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Contracts

In order to gain visibility to the contracts that the ASU System is utilizing, Huron further examined three Level II categories that represent shorter-term opportunities.

Maintenance and Repair Products

No.	Vendor	Spend (000s)
1	JOHNSON CONTROLS, INC.*	$9,488
2	GRAINGER	$232
3	SHERWIN WILLIAMS	$128
4	HUGG AND HALL EQUIPMENT CO	$126
5	GIBSON'S SIGN MART INC	$118
6	MID SOUTH PLUMBING AND ELECTRIC	$102
7	FILTRATION CONCEPTS	$91
8	GAZAWAY ACE HARDWARE	$90
9	MARTIN INDUSTRIAL SUPPLIES	$87
10	INTERFACE AMERICAS INC	$84
	Top 10 Sub-Total	$10,547
	MRO Products Total	$11,852
	Top-10 % of MRO Products Total	89%

*Johnson Control Facilities Upgrade Project

State Contract

Office Supplies

No.	Vendor	Spend (000s)
1	STAPLES	$609
2	AMERICAN PAPER & TWINE	$243
3	GODDESS PRODUCTS INC.	$222
4	ATHENS PAPER CO	$148
5	PRINTING PAPERS, INC.	$116
6	GOVERNMENT SUPPLY SERVICE	$84
7	OFFICE DEPOT	$62
8	MAC PAPERS	$49
9	PIP CHED ROC INC	$28
10	MONO MACHINES LLC	$22
	Top 10 Sub-Total	$1,582
	Office Supplies Total	$1,717
	Top 10 % of Office Supplies Total	92%

Computer Hardware

No.	Vendor	Spend (000s)
1	DELL	$2,408
2	CDW INC.*	$1,491
3	HOWARD TECHNOLOGY SOLUTIONS*	$889
4	APPLE	$746
5	SOFTWARE HOUSE INTERNATIONAL*	$251
6	GOVCONNECTION, INC.	$172
7	SIVAD, INC.	$125
8	SOUND CONCEPTS INC	$27
9	EQUIPMENT ZONE INC	$25
10	INTERNATIONAL COMPUTER SYSTEMS INC	$21
	Top 10 Sub-Total	$6,155
	Computer Hardware Total	$6,252
	Top 10 % of Computer Hardware Total	98%

*State EMC Contract Partner

- A closer look at the ASU System spend within the Maintenance and Repair Products, Office Supplies, and Computer Hardware Level II categories reveals a combination of spend on-and off-state sourced contracts

Source: (A-State & Huron, 2017)

Filtering spend through eProcurement technology on a common agreement at the system-level can create opportunities for improved pricing, discounting, and rebates to generate savings and operational efficiencies

Opportunity Calculation

Based on the initial spend categorization and vendor analysis, Huron suggests that the ASU System consider the following strategic sourcing roadmap.

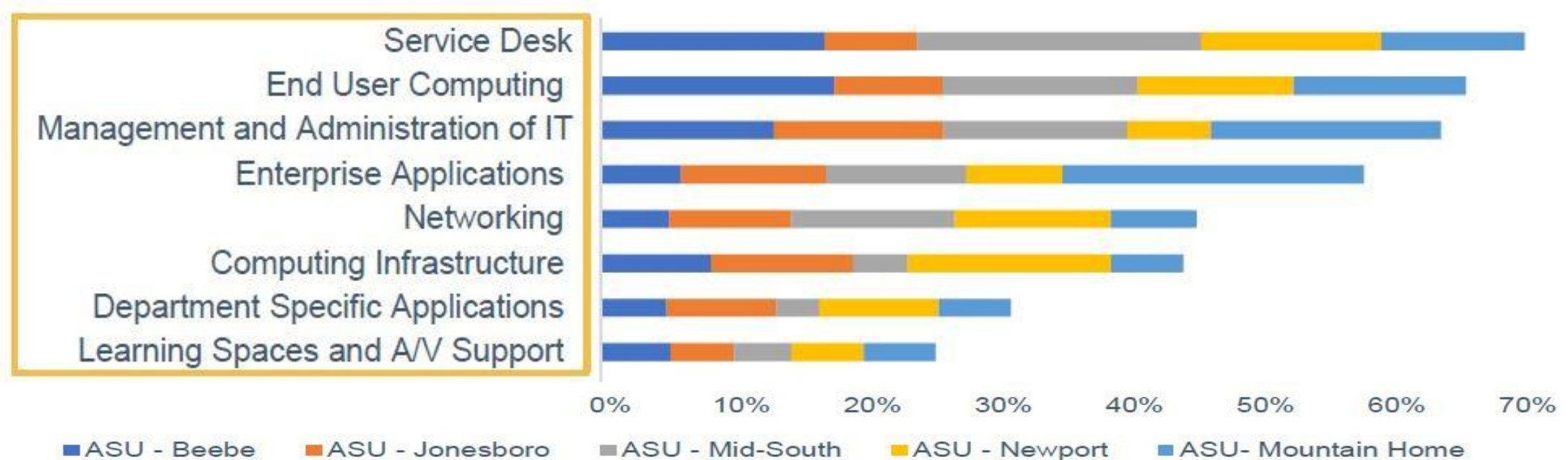| Waves	Level II Category	Spend (000s)	Estimated Opportunities (000s)				Sourcing Complexity
			Low %	High %	Low $	High $	
0 - 6 months	COMPUTER HARDWARE & PERIPHERALS	$6,252	3%	7%	$188	$438	●
	OFFICE SUPPLIES	$1,717	11%	15%	$189	$258	●
	IMAGING EQUIPMENT	$717	4%	8%	$29	$57	●
7 - 12 months	MAINTENANCE AND REPAIR PRODUCTS*	$2,364	5%	9%	$118	$213	●
	MAINTENANCE AND REPAIR SERVICES	$5,907	3%	5%	$177	$295	●
	TRAVEL AGENCY**	$300	Reduced Fees				● / ●
	SCIENTIFIC SUPPLIES	$1,661	1%	4%	$17	$66	● / ●
13 - 18 months	DOCUMENT SERVICES	$1,098	3%	7%	$33	$77	● / ●
	FURNITURE	$596	4%	7%	$24	$42	● / ●
	CATERING	$1,049	2%	3%	$21	$31	● / ●
	FOODSERVICE PRODUCTS	$498	1%	2%	$5	$10	● / ●
19 - 24 months	STAFFING	$845	3%	6%	$25	$51	● / ●
	BANKING	$4,953	Increased Rebates				● / ●
	SOFTWARE	$4,309	1%	2%	$43	$86	●
	TELECOMMUNICATIONS	$2,383	2%	4%	$48	$95	●
25 - 30 months	LODGING	$1,755	1%	2%	$18	$35	● / ●
	GROUND TRANSPORTATION	$1,399	1%	3%	$14	$42	● / ●
	AIR TRAVEL	$926	1%	2%	$9	$14	●
	Strategic Sourcing Roadmap SubTotal	**$38,730**	**2.5%**	**4.7%**	**$957**	**$1,810**	

*Johnson Controls was removed from MRO Products for estimated savings calculations

**Includes individual travel booking

Source: (A-State & Huron, 2017)

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IT Services Distribution
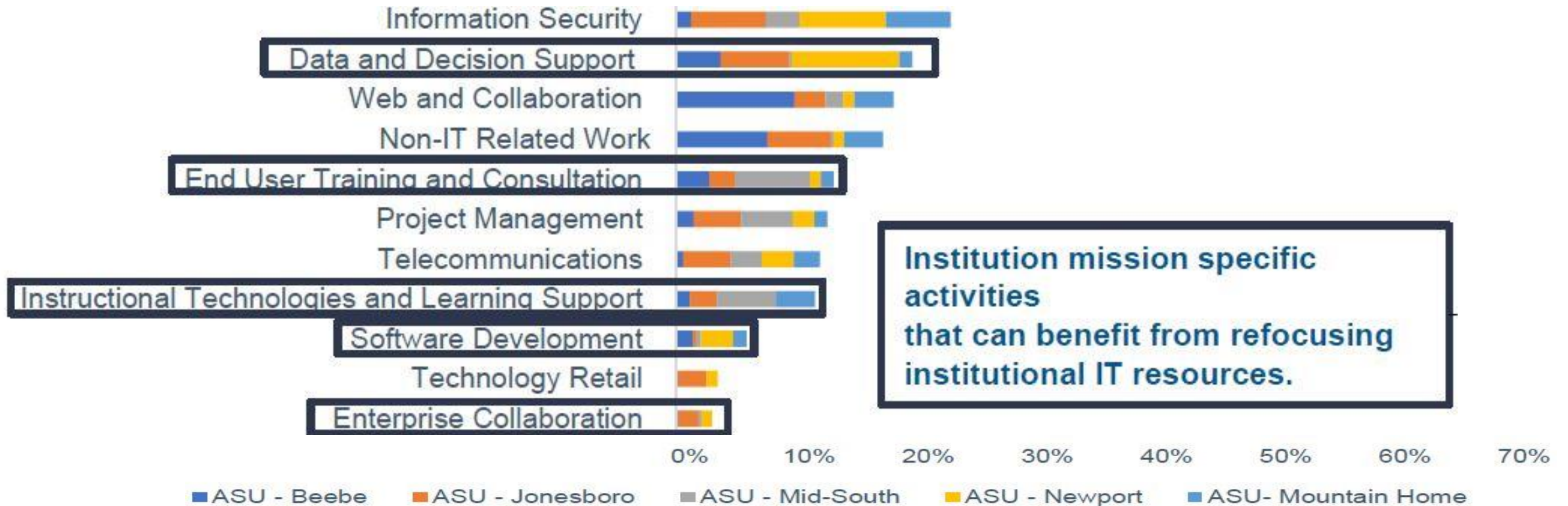
IT Activity Comparison by Proportional FTE

- Commodity type services are being duplicated across campuses.
- Top 3-4 focus areas are making good progress towards
  - Producing cost containment, savings, and efficiencies

Source: (A-State & Huron, 2017)

IT Services Distribution

IT Activity Comparison by Proportional FTE

- Areas with potential across the all ASU System campuses

Source: (A-State & Huron, 2017)

Recommendations / Lessons Learned Procurement

Function	Recommendations
Process	Conduct data-driven strategic sourcing in key categories and develop internal demand management capacities, including policies/processes, user communications, and monitoring/enforcement capabilities in tandem with eProcurement.
Technology	Implement eProcurement solutions to more efficiently manage demand and extract more favorable contract terms.

Source: (A-State & Huron, 2017)

Recommendations / Lessons Learned Information Technology

Function	Recommendations
Process	For each campus in a multi-campus system or an individual campus: Conduct a detailed software inventory and detailed labor analysis. Conduct interviews with each IT employee for input and ideas. Analyze the results and findings for commonalities and trends. Focus on value add areas, cost containment and savings.
Technology	Utilize current data from existing systems. Utilize comparisons from Educause data and other like Universities.

Source: (A-State & Huron, 2017)

Questions ?

Thank you

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