



Strategic Sourcing Office Supplies July 2014



Department of Procurement and Supplier Diversity Services
Organizational Excellence

University of Virginia

U.Va. CORNERSTONE Strategic Plan

Pillar 5: Steward The University's Resources To Promote Academic Excellence And Affordable Access

Strategy 14: Organizational Excellence

Goal: Enable the achievement of institutional strategic goals and priorities – excellence in education, research, and scholarship

Leverage institutional core strengths and distinctions through resource alignment and optimization.

How do we do it?

- The University is engaged in several efforts to optimize **processes**, **technologies**, and **service delivery models**.
- **Strategic Sourcing** is one tactic in the procurement area that advances the goals of Organizational Excellence.



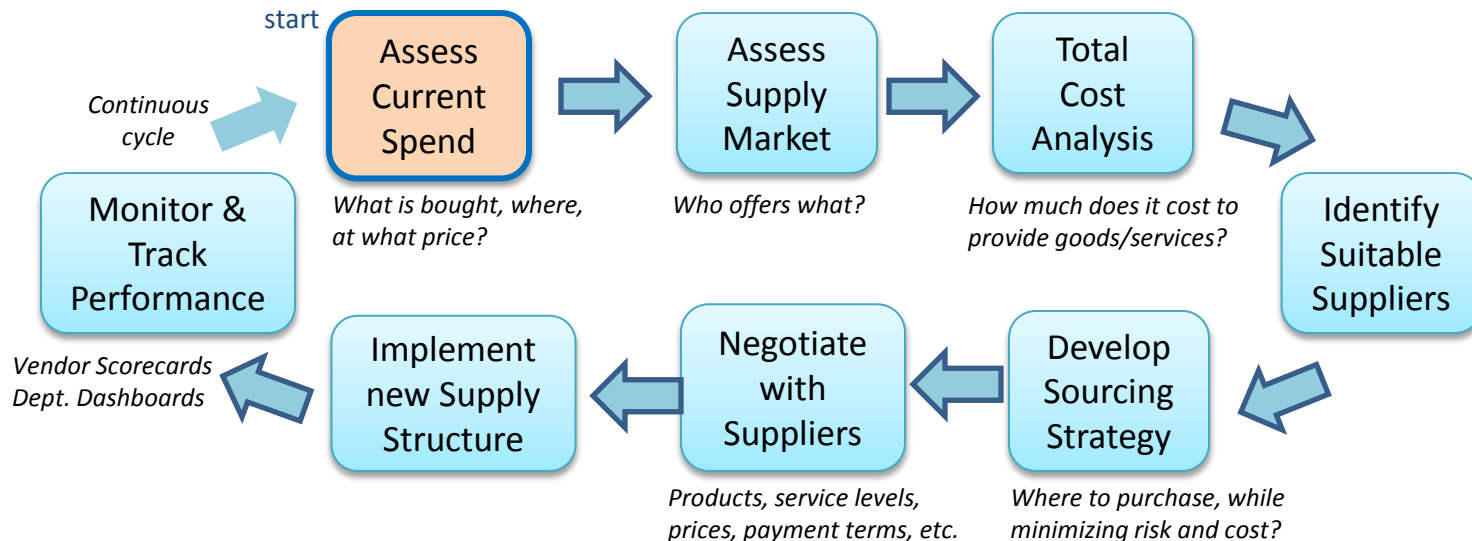
Strategic Sourcing – Low Cost, High Quality & Service

Strategic sourcing is an approach that combines the purchasing of commonly used supplies, equipment, and services in order to achieve more favorable pricing and more effective service.



The sourcing may be channeled to a single vendor or several vendors of choice.

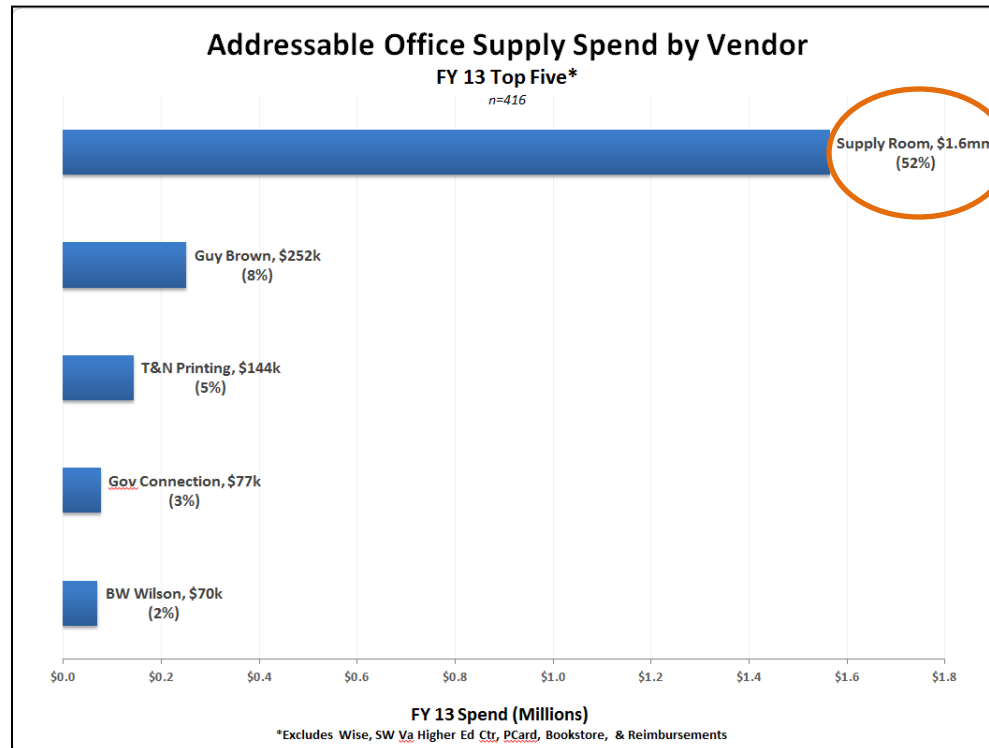
A procurement process that continuously improves and re-evaluates the purchasing activities of the institution.



Why Strategic Sourcing of Office Supplies?

Total RFP-Addressable

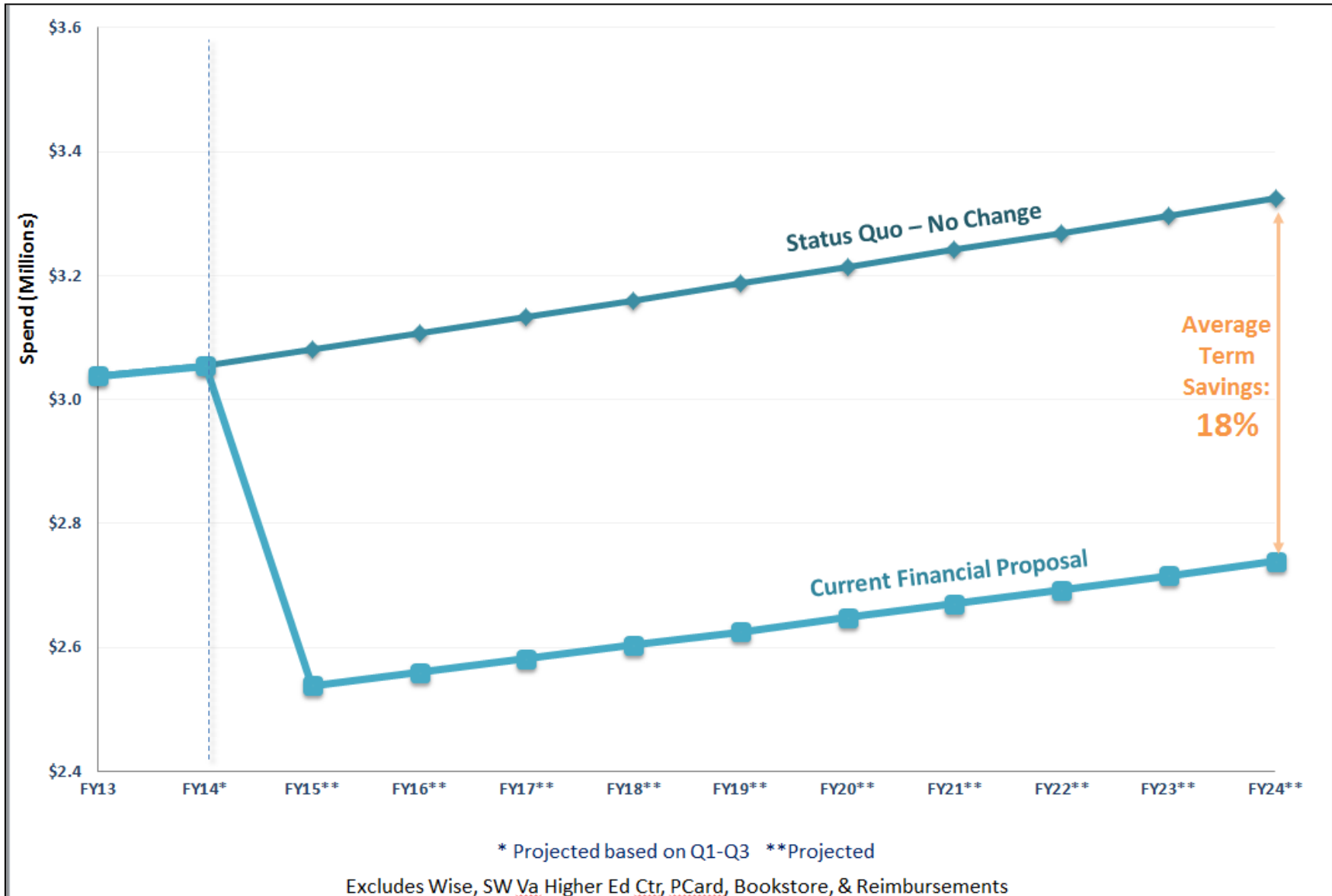
Office Supply Spend = \$3M annually



Today's current number of non-catalog office supply vendors = 416
Tomorrow's Strategically Sourced Marketplace vendor = 1

Projected Savings in Office Supply Contract

Addressable Spend = ~ \$xxM Projected Savings over 10 years



Best Value List of Office Supplies

Here's a list of the top item categories in the Best Value list based on current spend (descending):

- Toner – OEM
- Paper & Pads
- General Office Supplies
- Filing & Storage
- Cleaning & Breakroom
- Mailroom & Shipping
- Binders & Business Cases
- Office Furnishings



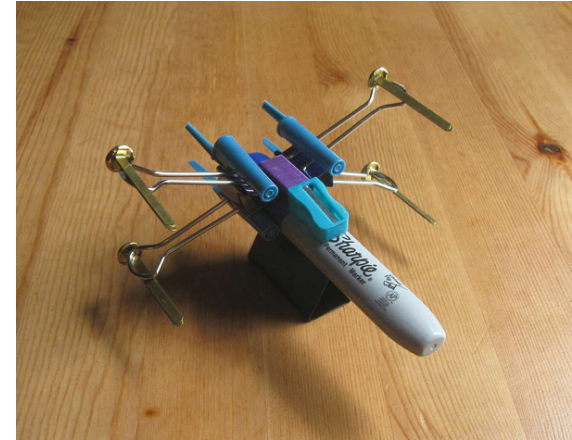
Office Supply Team from across Grounds

The team provided input and participated in:

- 1. Request for Proposal*
- 2. Criteria for Ranking each vendor*
- 3. Vendor Presentations and Negotiations*
- 4. Vendor Selection*

Team Members

1. Allison Holt – School of Medicine
2. Rebecca Davis - Department of Athletics
3. Pam Buck - Department of Neurology
4. Jane Crady - Office of Health System Development
5. Lee Baszczewski - Organizational Excellence
6. Procurement and Supplier Diversity Services
Kristin Floyd, John McHugh, Eric Denby, Shannon Wampler



University of Virginia ... Chooses One Vendor for Strategic Office Supplies in August

1. One stop shopping – Easy to use!

- UVA MARKETPLACE catalog
- One vendor for basic office supplies

2. Great quality and service

- Local Same Day Delivery arrives at my desk
- Reliable source / Quality personal service
- Customer satisfaction
- Regular review of vendor performance

3. Increased value and decreased cost

- Price Match Guarantee!
- Savings from lower pricing provides more funds for the Department
- Vendor signing bonus provides funding for strategic academic initiatives



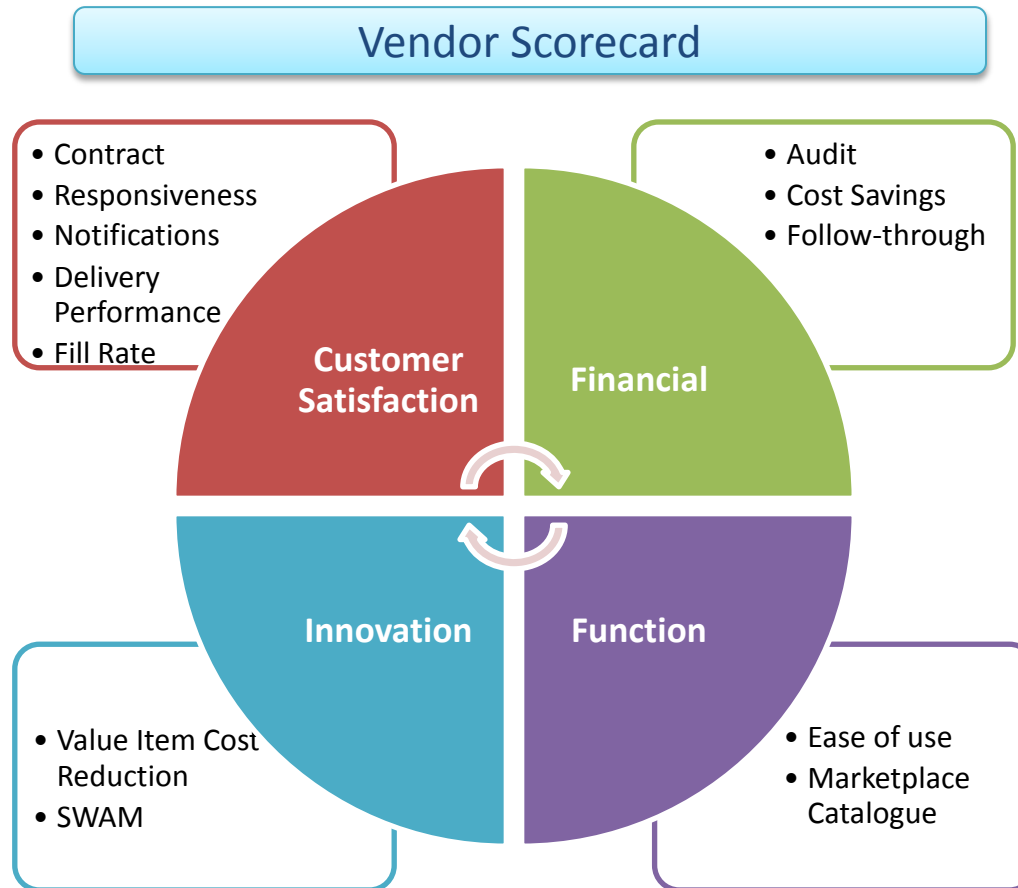
Today versus Tomorrow

TODAY	TOMORROW
<p>UVA MARKETPLACE</p> <ol style="list-style-type: none"> 1. <i>Multiple</i> vendors 2. Time spent on price comparisons among vendors and products 3. Over-paying on annual spend 	<p>UVA MARKETPLACE</p> <ol style="list-style-type: none"> 1. <i>Single</i> Vendor 2. Best Value items are already negotiated; no time wasted on price comparisons 3. Price Match Guarantee 4. Best Value pricing and Green sustainable products clearly marked
<p>Order toner from multiple vendors</p> <ul style="list-style-type: none"> • Usually not the “best deal” • Delivery varies by vendor 	<p>Order toner through UVA MARKETPLACE</p> <ul style="list-style-type: none"> • One stop shopping • Delivered by Office Supply Vendor • Capture better data to obtain better deals
<p>Varied Personal Service</p> <ul style="list-style-type: none"> • Vendor dependent 	<p>Consistent Personal Service</p> <ul style="list-style-type: none"> • Monitored by UVA • Rated by their customers like You!
<p>Delivery – varies by vendor</p>	<p>Consistent Local Same Day Delivery</p>
<p>Specialty items</p> <ul style="list-style-type: none"> • Buy from specialty vendors as needed 	<p>Same as today</p>

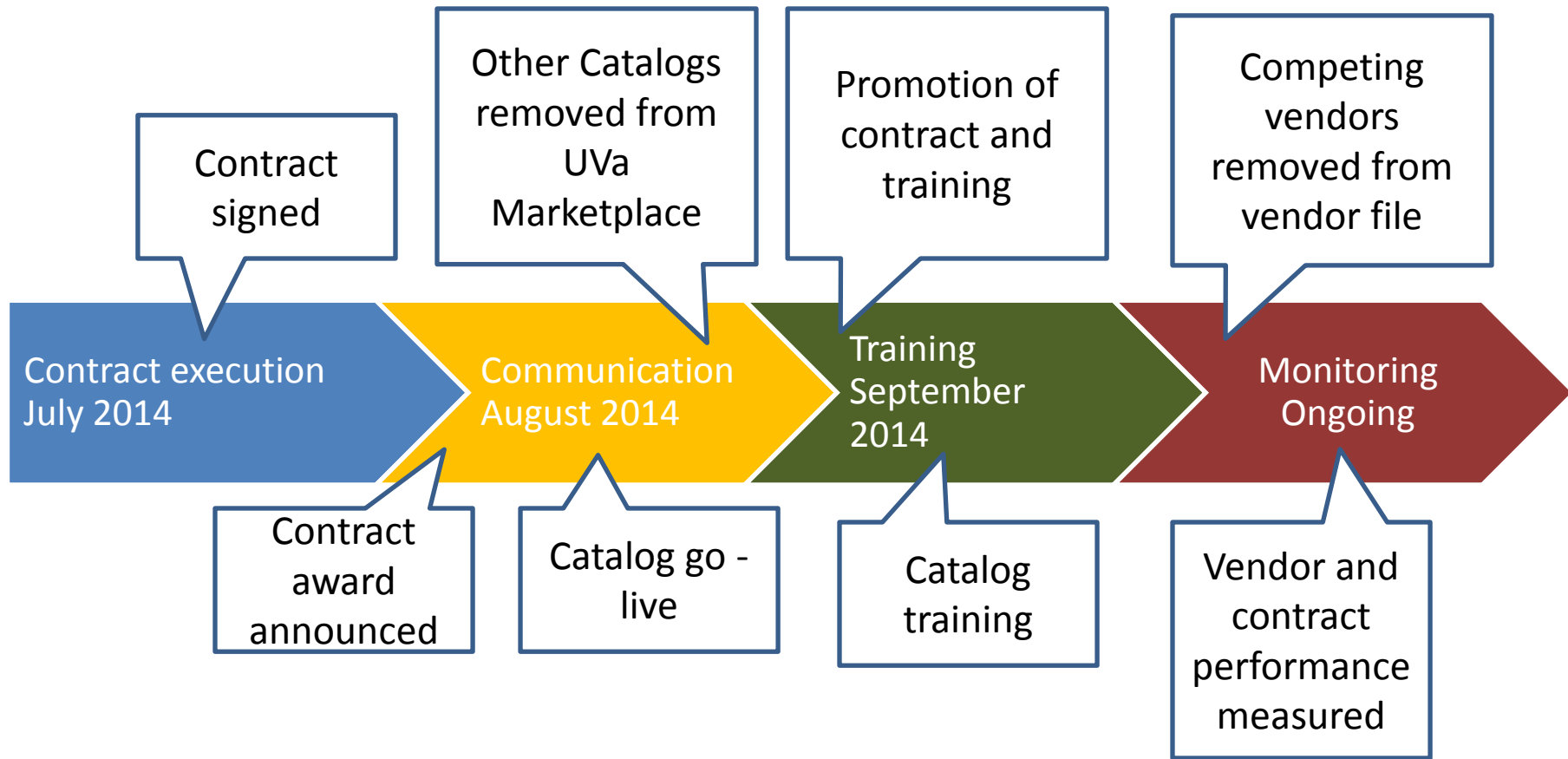
Monitoring Vendor Performance and Customer Satisfaction

PSDS will monitor Vendor performance with metrics defined in the agreement and financial penalties for not meeting the goals. Data will provide analytics for trending and ensuring the best pricing and quality in the future.

Draft
Example



Office Supplies Timeline



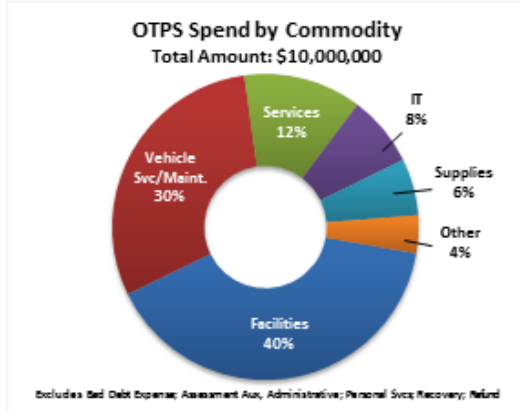
Partnering for Success... Enhanced Analysis & Data-Informed Decisions

Department - Procurement Dashboard

Example

Department Example: Expenditure Dashboard

University Unit, May 2013-April 2014



Quick Facts

Total Expenditures:
 \$20,000,000, of which:

- \$10,000,000 (50%) Personal Services
- \$10,000,000 (50%) OTPS (Other Than Personal Services)

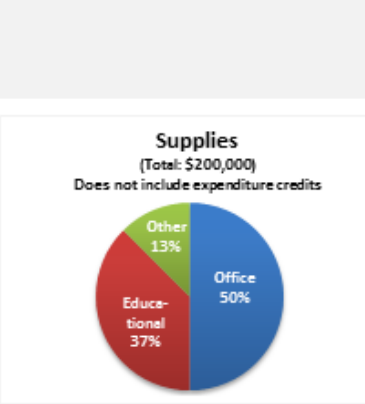
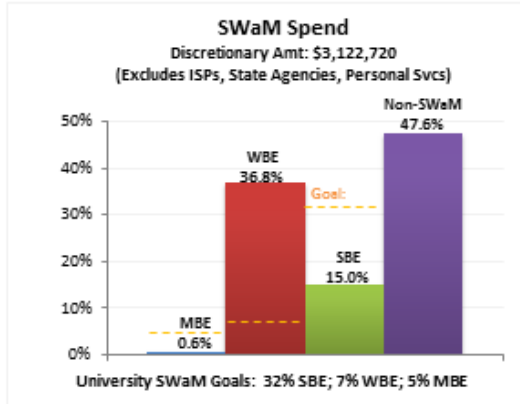
Major Procurement Activity:

- Bulk Fuel (RFP)
- Service Maintenance (RFP)
- Office Supplies (RFP)

Top Vendor Payments by Spend

Vendor	Spend	% OTPS
1 Vendor 1* ^W	\$1,000,000	10.0%
2 Vendor 2	\$225,000	2.3%
3 Vendor 3*	\$215,000	2.2%
4 Vendor 4 * ^S	\$180,000	1.8%
5 Vendor 5*	\$140,000	1.4%
Total	\$1,760,000	17.7%

*Contract Vendor ^SSmall Business ^WWoman-owned ^MMinority-owned



Top Inter-University Payments by Spend

Vendor	Spend	%
1. Facilities Mgmt.	\$3,000,00	30%
2. Parking & Transportation	\$1,200,00	12%
3. Medical	\$33,000	0.3%
4. ITS	\$32,000	0.3%
5. Travel Reimbursements	\$25,000	0.3%
Total Top Inter-University	\$4,322,25	43.2%

Opportunities for Savings

- Spend with contract vendors is 9% of OTPS spend. PSDS can work with high-dollar and/or high-volume vendors to negotiate better value.
 - Examples: Auto Parts (Currently using 12 vendors. Issuing 1 contract and leveraging spend could result in cost, freight and time savings), Vendor Two Services (P-Card Use would reduce administrative duties), Vendor 3 (Work with Company to become SWaM-certified, establish contract)
 - P-Card usage is 2.8% of OTPS spend and total reimbursements are 0.4% of OTPS spend.
- Office Supply spend is \$100k, or 1.0% of OTPS spend. PSDS is working on a new office supply RFP with a goal of saving 15-20% off of current contract pricing.
- Other potential opportunities: Consolidate Promotional/Apparel vendors (total spend: \$107,152)? Rent/Buy equipment (total spend: \$66,370)?