E-Procurement Proposal

Replacing the current UCD Buy system
Organizational Drivers

“Even as UC Davis expands its global impact and reach, we are simultaneously becoming a leaner and more effective and efficient institution – in synch with UC’s “Working Smarter” initiative.”

- Chancellor Katehi presentation to the Regents on 3/17/2011

To expand opportunities for teaching, research and public service by delivering savings and efficient procurement services across the University of California.

- UC Procurement Services mission statement

E-Procurement is key!
E-Procurement Advantages

• Creates process efficiencies
  – Staff have more time for vital functions
• Reduces procurement cycle time
  – Researchers get what they need sooner
• Increases sourcing agreement adoption
  – Reducing risk and total cost
• Generates revenue
UCD Buy History

- July 2005
  - Homegrown storehouse system became UCD Buy
  - Expanded to include supplier catalogs
- No significant system changes
- Growth has been steady but relatively slow

<table>
<thead>
<tr>
<th></th>
<th>FY’06</th>
<th>FY’10</th>
<th>FY’14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spend</td>
<td>$5.5 M</td>
<td>$15.0 M</td>
<td>$23.5 M</td>
</tr>
<tr>
<td>Catalog suppliers</td>
<td>7</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>Orders</td>
<td>43,000</td>
<td>26,000</td>
<td>64,000</td>
</tr>
<tr>
<td>Users</td>
<td>1700</td>
<td>2200</td>
<td>2500</td>
</tr>
<tr>
<td>Unique items ordered</td>
<td>129,000</td>
<td>151,000</td>
<td>179,000</td>
</tr>
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</table>
Current State Issues

• Outdated user interface
• Limited catalog availability
• Homegrown system is a roadblock to many vendors
• Only supply items can be purchased
  – Equipment information cannot be captured for CAMS
• Specialized workflow cannot be accommodated
  – i.e.: controlled substances, department-specific approval limits
• Cannot fully leverage UC eProcurement Center of Excellence team’s efforts
Lost Opportunities

“UC Davis has limited e-procurement capabilities at this time. Its in-house developed system is not robust in comparison with other UC campuses. This limits UC Davis’ ability to take advantage of electronic commerce through driving better pricing, terms, and conditions by aggregating its top spend with other UC locations systemwide through strategic sourcing contracts. UC Davis is being challenged by UC locations that have moved into the electronic commerce arena and use a best-in-class software solution. By standardizing, the other campuses will see a greater sense of collaboration and shared knowledge which UC Davis will not be able to leverage.”

- UC Davis Annual Progress Report, UCOP CFO Division, 2012
UCD eProcurement Goals

• Support the university's ongoing mission of efficient processes and sound technologies
• Provide campus clients with an intuitive, content-rich “one-stop” order and request gateway
• Increase savings and mitigate risk through increased contract utilization
Current State of eProcurement at UC

• Systemwide eCommerce (eCOE) team
  – Represent UC interests in SciQuest development partnership
  – Analysis of new eProcurement supplier partnerships for enablement at all SciQuest campuses
  – Campus-specific recommendations on new release functionality (3x yearly)
  – Supplier price file analysis
  – Site administration duties for 4 campuses
  – Additional solutions & efficiencies (ie: State R&D tax reduction, EH&S partnership, UC Med Centers)
Current State of eProcurement at UC

• 7 of 10 campuses utilize SciQuest eProcurement application
  - UCM, UCLA & UCOP share one instance of Perfect Commerce

• 44 supplier catalogs enabled
  - 50 projected by FY’16
UCSD Snapshot – SciQuest Campus Model

- Marketplace launched May 2008
  - Incremental rollout
  - All campus departments utilizing it by 2010
  - Sole PO channel by July 2012

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<thead>
<tr>
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<th>FY’09</th>
<th>FY’12</th>
<th>FY’14</th>
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</thead>
<tbody>
<tr>
<td>Spend</td>
<td>$6.0 M</td>
<td>$122.8 M</td>
<td>$370.6M</td>
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<tr>
<td>Catalog suppliers</td>
<td>unavailable</td>
<td>unavailable</td>
<td>36</td>
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<tr>
<td>Orders</td>
<td>19,681</td>
<td>184,491</td>
<td>241,111</td>
</tr>
<tr>
<td>Users</td>
<td>1166</td>
<td>8,803</td>
<td>14,517</td>
</tr>
</tbody>
</table>
UCSD Snapshot – Past to Present

Transactional Savings Comparison

**Pre-Marketplace**
- $50 to process a PO and Invoice end-to-end
- <10% POs and Invoices automated
- 90% of POs processed in 3 business days

**Post-Marketplace**
- $10 to process a PO and Invoice end-to-end
- 72% POs and 64% Invoices automated and paperless
- 90% of POs processed in less than 1 business day
ASSESSMENT & RECOMMENDATION
## Key Decision Making Factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>Importance</th>
</tr>
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<tbody>
<tr>
<td>Scalability to increase adoption, savings, and revenue</td>
<td>High</td>
</tr>
<tr>
<td>Application &amp; content maturity</td>
<td>High</td>
</tr>
<tr>
<td>Usability</td>
<td>High</td>
</tr>
<tr>
<td>Speed &amp; ease of implementation</td>
<td>High</td>
</tr>
<tr>
<td>Price</td>
<td>Medium</td>
</tr>
<tr>
<td>Leverage support, SME availability, and existing efficiencies</td>
<td>Medium</td>
</tr>
<tr>
<td>Ability to meet future needs</td>
<td>Medium</td>
</tr>
<tr>
<td>Addresses top user requests/frequently reported problems</td>
<td>Medium</td>
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Evaluated Options

**Option 1:** Development of KMM (Kuali Material Management)

**Option 2:** Implement SciQuest with eCOE partnership and expertise
Why SciQuest?

• Industry leader in Higher Ed eProcurement
  – Many existing supplier partners
  – Focused on continuous innovation
  – UC partnership since 2004
  – Mature platform

• Robust functionality
  – “one-stop” order and request gateway
  – addresses top user requests and issues

• eCOE team partnership
  – Administrative & content enablement efficiencies
Why SciQuest?

Improving your shopping and your time to order

<table>
<thead>
<tr>
<th></th>
<th>UC San Diego</th>
<th>University of Colorado</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalog orders</td>
<td>72% of all orders</td>
<td>74% of all orders</td>
</tr>
<tr>
<td>Time to place order</td>
<td>90% in one day or less</td>
<td>90% in one day or less</td>
</tr>
<tr>
<td>Implemented SciQuest</td>
<td>2008</td>
<td>2011</td>
</tr>
</tbody>
</table>
SciQuest Components

- Shopping environment for goods and services
- Invoice receipt, matching and approval
- Requisition routing and approval workflow
- Automation of PO placement, tracking and management
SciQuest Context
Recommended Path

Copy UCSD instance as base for UCD instance

Benefits:
• Access to mature content, including catalogs, forms, workflow, ancillary applications
• UCD configuration changes made, as needed
• System administration by eCOE
• Leverage eCOE team knowledge and best practices
• Positions campus and system for future goals
Recommended Path

Copy UCSD instance as base for UCD instance

Why UCSD?

• Mature proven model
• Strong link to the eCOE
• SME and resource availability
Project Plan

Phased approach:

• Phase I (FY16)
  – Catalogs
  – User management

• Phase II (FY17)
  – Requisitions
  – Custom forms
Project Team

• UCOP
  – Project manager
  – Business Analysts
  – eCOE

• UC Davis
  – Project sponsors
  – Subject Matter Expert
  – A&FS Development Team
  – User Advisory Group
  – Constituent groups

• SciQuest
  – Implementation team
Goals

• Short term: Provide UC Davis with a robust e-procurement system
  – Streamlined processes
  – Improved time from order to receipt
  – More functionality
  – More catalogs

• Long term: Provide a coalition platform shared by all UC campuses
  – Improved licensing price for all UC campuses
  – Efficiencies in system administration and catalog implementations
  – More consistency in processes
Benefits & Limitations

- **Benefits:**
  - System proven in Higher Ed
  - Robust template to start with
  - Very experienced implementation team
  - Leverage eCOE for catalog implementations and system upgrades

- **Limitations:**
  - Customizations will be minimal
ADVISORY GROUP
Our Role

• Meetings and surveys
  – Help guide priorities
  – Provide departmental perspective

• Demonstrations, testing and pilot
  – Get acquainted with the system
  – Try it and report out
  – Use it and help refine

• Change management and promotion
  – Help identify constituent groups on campus
  – Be part of getting the word out
  – Assist colleagues with making the change