Strategic Purchasing – Computer Bundles
# Project Team Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Department</th>
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<tbody>
<tr>
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<td>Law School</td>
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<td>Paul Jelle</td>
<td>Assistant Dean</td>
<td>CALS</td>
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<tr>
<td>Geoff Cohn</td>
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<td>Student Representative</td>
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<td>Steve Carrola</td>
<td>IS Supervisor</td>
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</tr>
<tr>
<td>Dana Erf</td>
<td>Project Support</td>
<td>Huron Consulting Group</td>
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Note: (1) Team Lead
Goal Statement

Identify a suite of no more than four (4) competitively priced standardized desktop and laptop computer bundles with a single vendor for administrative use campus-wide.

Maximize savings through implementation of strategies to consolidate vendors and require an articulated business need for purchase of non-bundle configurations.

Administrative use was a challenge to define, and provided less opportunity for savings. Instead, we recommend bundles broad enough to meet all computer purchases, with individual exceptions for defined business needs.
Technical / Data Analysis

- Analyzed line items of computer purchasing data for primary and secondary vendor, and high level transactional data for a third vendor
- Researched computer hardware policies/procedures at other institutions
- Performed detailed financial impact analysis

Stakeholder Engagement

- Conducted listening sessions with AIMS, DoIT, and campus IT and Purchasing stakeholders
- Distributed survey to ~1,400 campus IT support staff, purchasers, and end users

Recommendations
Current State Observations

UW-Madison currently spends ~$8.7M annually on desktop and laptop computers.

- 2 eCommerce vendors supported, multiple unsupported sales channels
- Unlimited product and feature choice
- Few departmental bundles
- No policies
- Some departmental price negotiation
- “My computer”
- Computer choice as reward in lieu of direct compensation
The team recommends UW implement a hybrid solution with a primary vendor for computer purchases, and a demonstrated business need required for approval to use the secondary vendor; both vendors will provide a set of 2 desktop and 2 laptop standard configuration bundles.

Preliminary Savings Estimate = $4.3M over 5 Years

Note: general dependencies for all strategic purchasing work teams have been captured in the Strategic Purchasing Appendix; failure to address these dependencies will create significant risks.
<table>
<thead>
<tr>
<th>Current State</th>
<th>Future State</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 eCommerce Vendors Supported, Multiple Unsupported Sales Channels</td>
<td>1 Primary Vendor, 1 Secondary Vendor for Articulated Business Need</td>
</tr>
<tr>
<td>Unlimited Product and Feature Choice</td>
<td>Limited Choice</td>
</tr>
<tr>
<td>Few Departmental Bundles</td>
<td>Institutional Bundles</td>
</tr>
<tr>
<td>No Policies</td>
<td>Policies</td>
</tr>
<tr>
<td>Some Departmental Price Negotiation</td>
<td>Institutional Negotiation</td>
</tr>
<tr>
<td>“My Computer”</td>
<td>“UW Computer”</td>
</tr>
<tr>
<td>Computer Choice as Reward in Lieu of Direct Compensation</td>
<td>Computer Serves Business Function</td>
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## Financial Impact of Proposed Solution

### Purchase the Right Computer
- Regardless of vendor selected, bundles save money
- Bundles meet majority of users’ needs
- ~50% of departments already purchase their own bundles

**~$305K Annually in Cost Savings**

### Pay Less for Computers
- Focused on price negotiation
- Leverage vendor relationships
- Evaluate standard warranties/purchases in implementation

**~$280K Annually in Cost Savings**

### Establish Primary Vendor
- Both vendors meet business needs; the primary vendor is less costly
- Estimated 20% shift from secondary to primary under recommended policy
- Savings impact twice as great with secondary vendor than the primary vendor

**~$170K Annually in Cost Savings**

### Keep Computers Longer\(^1\)
- Sensitivity model shows lifecycle has significant impact
- No standard lifecycle currently exists on campus
- Area for future policy and savings

**~$250K Annually in Cost Savings**

**Note:** The above mentioned savings options are analyzed further in the team financial model workbook.

\(^1\) Lifecycle improvement calculations can be included in the financial model; however, the team chose to exclude due to limited data on current lifecycle standards.

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**Total Year 1 Estimated Financial Impact = ~$745K**
Purchase Right Computer – Example

PC desktop bundle w/ monitor

- 2,000 Desktops Purchased Each Year
- Current Average Spend = $1,000
- New Bundle Cost = $800
- 50% Participation:
  - 1000 units * $200 savings/unit = $200,000 Savings

The more that participate in bundles, the bigger the savings opportunity.
# Primary vs. Secondary Comparison – Example

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Desktop “Leader”</th>
<th>Desktop “Legend”</th>
<th>Laptop “Leader”</th>
<th>Laptop “Legend”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Vendor</td>
<td>$868</td>
<td>$524</td>
<td>$1,214</td>
<td>$1,299</td>
</tr>
<tr>
<td>Secondary Vendor</td>
<td>$1,268</td>
<td>$678</td>
<td>$1,938</td>
<td>$1,432</td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td><strong>-$400</strong></td>
<td><strong>-$154</strong></td>
<td><strong>-$724</strong></td>
<td><strong>-$133</strong></td>
</tr>
<tr>
<td>80% Secondary Vendor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantity shifted to</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Vendor</td>
<td>974</td>
<td>194</td>
<td>746</td>
<td>298</td>
</tr>
<tr>
<td><strong>Total Premium</strong></td>
<td><strong>$389,600</strong></td>
<td><strong>$29,876</strong></td>
<td><strong>$540,104</strong></td>
<td><strong>$39,634</strong></td>
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Implementation Considerations

**Simple**
- Establish institutional mindset that if a computer is needed, a bundle must be used
- Promote unified storefront and policies/procedures

**Measured**
- Create consistent campus-wide oversight metrics
- Distribute enforcement responsibility across organization

**Managed**
- Establish Technical Advisory Committee to meet often to review bundles and look toward future opportunities
- Ensure bundles are actively reviewed and refreshed

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Implementation Plan

Communication Plan