Strategic Purchasing – Scientific Supplies
## Project Team Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mike Hardiman(^1)</td>
<td>Director of Purchasing</td>
<td>Business Services</td>
</tr>
<tr>
<td>Mike Matschull</td>
<td>IS Bus Auto Senior</td>
<td>Business Services</td>
</tr>
<tr>
<td>Janet Bresnahan</td>
<td>Procurement Specialist</td>
<td>Business Services</td>
</tr>
<tr>
<td>Kathy Jaglin</td>
<td>Purchasing Agent</td>
<td>WI State Laboratory of Hygiene</td>
</tr>
<tr>
<td>Aimee Lefkow</td>
<td>Research Program Manager</td>
<td>College of Letters &amp; Science</td>
</tr>
<tr>
<td>Catherine Carter</td>
<td>Associate Information Process Consultant</td>
<td>CALS – GLBRC</td>
</tr>
<tr>
<td>Ziqi Dai</td>
<td>Graduate Student Representative</td>
<td>College of Letters &amp; Science</td>
</tr>
<tr>
<td>Dana Erf</td>
<td>Project Support</td>
<td>Huron Consulting Group</td>
</tr>
<tr>
<td>Mimi Murley</td>
<td>Project Support</td>
<td>Huron Consulting Group</td>
</tr>
</tbody>
</table>

Note: (1) Team Lead
Work Team Approach

Data Analysis
- Line item and core list analysis from Fisher, VWR, BioExpress, and Aestiva/Stockroom
- Internal and external policy and procedure research
- Review and analysis of funding sources for scientific supply purchases
- Performed detailed financial impact analysis

Stakeholder Engagement
- Distributed a survey to ~3,000 individuals comprised of researchers, administrative staff, high-spend MDS customers and P-Card users
- Additional informal information gathering conducted by team members with their respective work groups to understand relevant purchasing processes/policies

Recommendations
Current State Observations

- Varying Departmental Policies and Limited Campus-Wide Communication of Procedure
- Unlimited Choice in Vendor, Product, and Procurement Method
- High Degree of Price Shopping
- 3 e-Commerce Vendors Supported, Many Additional Sales Channels Utilized
- Limited Coordination Between Labs / Departments
- Lack of Knowledge Regarding Contracted Vendors and Related Pricing
- Limited Institutional Promotion of Best Value Products
- Data Availability is Limited
- Current Technology Limits Some Strategic Purchasing Practices

Additional Observations:

- Funding Sources for Purchase of Fisher/VWR Supplies Include Grants (47% = fund 144, 10% = fund 136, 9% = fund 101, 7% = fund 133, 27% = other funds)
Standarize Institutional Policy/Procedure and Enhanced Campus-Wide Communication

Limit Choice to Substituted Products Meeting Research Specifications from Approved Vendors

Increase Productivity from Streamlined Purchase Processes/Improved Technology

Improve e-Procurement Tool for Access to primary vendors and additional secondary vendors

Increase Coordination for Institutional Resource Stewardship

Enhance Communication of Contracted Vendors and Pricing

Enhance Visibility and Promotion of Best Value Products and Core Lists

Enhance Data Availability to Measure Performance and Spending Habits

Support Strategic Purchasing Efforts with Technology
Projected Financial Impact

Preliminary Financial Impact Estimate = $3.9M over 5 years (~$493K in Year 1)

Year 1 Costs = $165K Upfront, $510K Recurring
Year 1 Savings = $1,168K ($383K Strategic Purchasing Savings + $785K Time/Efficiency Savings)

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.
## Purchase Lower-Price Equivalents – Example

**Product Substitution Example:** Pipette 10ml 200/case
- Total Fisher & VWR Spend on Pipette 10ml 200/case = $61,911
- Total Fisher & VWR Quantity = 2,030

<table>
<thead>
<tr>
<th>Brand Equivalent (Fisher BD Product)</th>
<th>Private Label Equivalent (VWR Private Label Product)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Quantity</strong></td>
<td>2,030</td>
</tr>
<tr>
<td><strong>Average Unit Price</strong></td>
<td>$28.92</td>
</tr>
<tr>
<td><strong>Total Quantity 2,030</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Average Unit Price</strong></td>
<td>$25.55</td>
</tr>
<tr>
<td><strong>New Estimated Total Spend</strong></td>
<td></td>
</tr>
<tr>
<td><strong>[2,030 x $28.92]</strong></td>
<td>$58,708</td>
</tr>
<tr>
<td><strong>New Estimated Total Spend</strong></td>
<td></td>
</tr>
<tr>
<td><strong>[2,030 x $25.22]</strong></td>
<td>$51,867</td>
</tr>
<tr>
<td><strong>Estimated Savings</strong></td>
<td></td>
</tr>
<tr>
<td><strong>[$61,911-$58,708] x 70% Conversion Rate]</strong></td>
<td>$2,243 (or 4%)</td>
</tr>
<tr>
<td><strong>Estimated Savings</strong></td>
<td></td>
</tr>
<tr>
<td><strong>[$58,708-$51,867] x 70% Conversion Rate]</strong></td>
<td>$4,789 (or 8%)</td>
</tr>
</tbody>
</table>

Estimated Pipette 10ml Product Substitution Savings = ~$7K

Note: The above mentioned savings options are analyzed further in the team financial model workbook.
# Glossary of Key Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scientific Supplies</td>
<td>General consumables, chemicals, and other everyday scientific supplies purchases; this does not include large equipment and maintenance purchases</td>
</tr>
<tr>
<td>Core List</td>
<td>List of high spend, high volume items purchased with select vendors; typically this list of products is given greater vendor discounts (currently negotiated for Fisher/VWR through the Committee on Institutional Cooperation Purchasing Consortium (CICPC))</td>
</tr>
<tr>
<td>Product Substitution</td>
<td>Directive to push users to purchase selected brand and/or private label equivalents that meet research specifications, as vetted and approved by the standards team(s)</td>
</tr>
<tr>
<td>Vendor Consolidation</td>
<td>Consolidation of duplicative spending with scientific supplies vendors to UW e-Commerce vendors</td>
</tr>
<tr>
<td>Conversion Rate</td>
<td>Assumed percentage of users who would participate in product substitution efforts</td>
</tr>
</tbody>
</table>
## Financial Impact of Proposed Solutions

### Purchase Lower-Priced Equivalent
- Substitute for lower-cost brand equivalent
- Substitute for private label equivalent alternative
- Survey results indicate 70% of users would purchase equivalent alternatives
- UW identification of best value products to campus

~~$88K Annually in Cost Savings~~

### Purchase from Fewer Vendors
- Policy directs end users to UW e-Commerce first where data can be used for analysis
- Purchase from established contracts if unavailable via UW e-Commerce
- Survey results indicate 64% of users look to UW e-Commerce first
- Enforce vendor sales representative policy

~~$180K Annually in Cost Savings~~

### Optimize Core List
- Increase visibility of core items to campus
- Update to reflect products most commonly purchased and move to similar discounting
- Communicates that best value products are available on UW e-Commerce
- Of the top 750 in-scope Fisher purchases, only ~330 are on the current core list

~~$116K Annually in Cost Savings~~

### Capture Time and Process Efficiencies
- Increased use of UW e-Commerce will lead to time savings
- Limit available sales channels
- Purchasing from fewer vendors will streamline processes
- Survey results indicate 80% of people spend some time price shopping (47% only periodically)

~~$785K Annually in Reallocated Staff Time~~

### Total Year 1 Estimated Financial Impact = ~$383K

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

(1) Reflects initial 4 identified sub-categories only; (2) For example, gloves purchases should be made with the DOA mandated sheltered workshop; (3) Calculated time and process efficiency savings demonstrate enhanced productivity
Implementation Considerations

Implementation activities for scientific supplies are dependent upon available staff, technology enhancements, and Strategic Purchasing implementation timing.

Implementation Timing = 15-28 weeks

Key Implementation Milestones: Additional data gathering for initial 4 sub-categories, vendor discussions, standards team(s) creation and roll out for identified sub-categories

Considerations:

• Recurring resource costs for continual review (estimated ~$510K annually)
• Solution dependencies related to technology enhancements
• Required change readiness/communication to address cultural challenges related to adjusting campus behavior
• Ongoing analysis to measure performance and compliance
• Participation from campus stakeholders in standards team(s) and in continual feedback
• Vendor willingness to assist with substitute product promotion and core list optimization
• Departmental time/willingness to align with new institutional procedures
• Suggested secondary implementation rollout to build on success of other Strategic Purchasing initiatives