AE Initiative Business Case – Scientific Supplies

Initiative Sponsorship and Ownership

Project Name:	Strategic Purchasing – Scientific Supplies
Project Summary:	The objective of this project is to build out the scientific supplies area within the strategic purchasing (aka demand management) opportunities identified in Phase 1 of the Administrative Excellence (AE) initiative. The goal of this project is to maximize institution-wide savings through implementation of strategies to consolidate vendors, leverage university scale, and substitute purchases for commoditized options when possible, without sacrificing service or quality levels.
Business Unit(s):	Vice Chancellor for Administration – Administrative Excellence
Business Process Owner(s):	UW-Madison Purchasing (central)
Preliminary Cost Estimate:	$165K initial investment and $510K annual recurring cost
Preliminary Financial Impact:	$3.9M over 5-years (including Strategic Purchasing and Time/Efficiency Savings)
Proposed Go-Live Date :	Estimated to be 15-28 weeks following initiation of implementation

Business Need or Opportunity

The University of Wisconsin-Madison has varying departmental policies and processes in place for the procurement of scientific supplies, with few campus-wide procedures that guide user purchases and align with anticipated future state policy. Furthermore, University funding sources for scientific supplies procurement include grants; FY2011 overall distribution of funds from Fisher and VWR purchases was 47% fund 144, 10% fund 136, 9% fund 101, 7% fund 133, and 27% other funds. It is believed that the establishment of strategic purchasing guidelines and strategies will allow the campus to maximize cost savings on scientific supplies purchases and support the University's central research mission.

Specifically, this solution will encompass procedures, policies and systems related to the selection and acquisition of consumable lab supplies ("everyday" purchases) at the University of Wisconsin - Madison (UW or the University). In order to better focus the team's efforts, the data collected and analyzed for this project was narrowed to items with a unit cost of $1,000.00 or less that are purchased more than 10 times in a calendar year; the project team believes this reflects the Materials Distribution Services (MDS) e-Commerce vendor spending (Fisher and VWR) on in-scope lab supplies. This represents approximately $6.1 million in in-scope spending with Fisher and VWR; an additional $3.5 million is estimated to be spent with other vendors (not analyzed).

The project team believes that consolidation of vendors, substitution of products, and implementation of additional strategic purchasing strategies will maximize institution-wide savings on these products. This initiative will focus on (i) the identification of potential cost savings opportunities related to enhanced strategic purchasing of scientific supplies; (ii) the identification of recommended solutions; and (iii) the development of necessary implementation planning deliverables relating to scientific supplies purchasing, such as proposed milestones, change management plan, and additional stakeholder engagement needs. However, the implementation and necessary discussions/negotiations with vendors will occur in the implementation phase.

Alternatives Considered

There are a handful of alternatives that were considered by the team which have been identified as being out of scope, but warrant further evaluation and analysis as opportunities for savings or improved efficiencies may be achievable.

1. **Shipping & Handling Charges** – Improved pre-planning and coordination efforts have been recommended by the team for implementation. Investigation of shipping practices/charges for in-bound procurements is an alternative that should be considered as it could enhance savings, but must be analyzed further to understand related charges for each vendor.
2. **Campus Stockrooms, Freezers, & Freezer Programs** – The project team believes that the campus stockrooms and freezer programs should be reviewed for better management efficiencies.
3. **Evaluation of Shadow Data Systems** – A review of departmental shadow systems currently used across campus should be conducted to understand (i) the procurement data captured; (ii) purpose/business rationale for use of these shadow systems and the core institutional system gaps they address; (iii) the extent of duplicative data entry and/or business procedures; and (iv) potential solutions that eliminate the need for such systems to reduce errors and duplication inefficiencies, while enhancing the campus-wide access to purchasing data.
4. **Scientific Supplies: Equipment/Maintenance Purchases (out of scope products)** – Similar opportunities and efficiencies from the application of strategic purchasing strategies may be achievable on scientific supplies products identified as being out of scope for this Administrative Excellence team. However, in-depth analysis of products, vendors, contracts, and campus needs must be conducted to determine the optimal strategic purchasing approach for these products, which will likely be different than what the team recommends in this business case for consumable lab supplies.
5. **Green Initiatives / Sustainability** – Opportunities exist to increase synergies with campus sustainability efforts and should be considered during implementation. For example, the following opportunities may be realized from further investigation of green initiatives relative to scientific supplies purchases:
    a. Potential increase of vendors available via MDS e-Commerce and/or increase end-user use of MDS could result in a reduction in paper usage associated with the traditional requisition process
    b. Chemical recycling programs, such as the recycling of Acetone, may provide sustainability efficiencies/benefits
    c. A liquid helium recovery program exists on campus, which should be investigated for applicable synergies
    d. Right-sizing chemicals purchases (i.e. purchasing the quantity necessary rather than the higher volume options due to better pricing) and coordination with current Office of Environmental Health & Safety initiatives to redistribute unopened excess chemicals purchases

There are also several additional alternatives that are noted in *Appendix 1 – Strategic Purchasing Appendix*, which have been compiled by the four Administrative Excellence strategic purchasing teams.

Proposed Solution Description

Scope

The project team recommends that the following solutions be implemented. These solutions take into account the framework and recommendations set up across all of the Administrative Excellence strategic purchasing work teams, as described in *Appendix 1 – Strategic Purchasing Appendix* of this document, and assume their inclusion as supporting recommendations.

Policy Development / Institutional Procedure Standardization

The following recommendations set a policy and procedural baseline, shifting focus from disparate departmental emphasis to the needs of the institution as a whole.

1. Adopt an institutional policy stating that any University individual needing to purchase scientific supplies must first use the University's e-Commerce platform to do so, unless the required supplies are not available through

established e-Commerce vendors. If the products required are not available via e-Commerce, individuals should then use contracted scientific supplies vendors to purchase these supplies.

a. The University's e-Commerce platform provides the lowest overall cost of ordering from significant scientific supply vendors at contracted pricing. Current practice on campus varies by Department and, although users are encouraged by the Purchasing Department to use this ordering method first, no formal policy requiring its use exists. The divergence from the "unspoken" policy is greater in the area of scientific supplies due to the current focus on enabling choice and access to many options.
b. Policy research conducted by the team (*Appendix 5 – Policy Research/Benchmarking*) shows that most Big 10 and major research peer Universities have adopted similar policies to drive purchases through this model.
c. This basic recommendation will assist in implementing strategic purchasing initiatives meant to direct users to the least overall cost solutions which meet required functionality and offer the easiest avenue for purchasing expected products.
d. A policy/process for approval to use non-e-Commerce vendors or non-contracted vendors for these in-scope supply purchases should be established. The team recommends a post-purchase audit and approval process in which a review of purchasing by department by vendor is analyzed and distributed to departments. A confirmation of business need and behavior adjustments is to be conducted following analysis of these periodic metrics reports.

2. Adopt standardization on institutional purchasing policies and procedures at the department level. This procedural standardization effort will provide streamlined guidance and clarification to the wide range of affected stakeholders who are not always effectively reached through current channels.
    a. As a subset of this solution, it is recommended that departments be provided with concise templates of purchasing procedures that reference institutional policy and contacts. These institutional guidelines will serve as the overarching procedural guide, but can be enhanced (though not changed) as necessary to support any local departmental purchasing contacts, routing procedures, and any other local variance not covered by institutional policies and procedures. These templates can be used to direct the institutional processes at the local departmental level and serve as instructional materials for labs.
3. Adopt an institutional policy restricting vendor sales representatives and campus visits that occur without appointment/invitation (vendor visits when invited and/or appointments are made in advance are acceptable).
    a. Vendors currently make unannounced visits to campus labs and offices to discuss products. The team's survey data shows that recommendations from sales representatives are lower priority criteria in scientific supply purchase decision making.

Strategic Purchasing Initiatives

The following recommendations detail the further opportunities for hard cost savings in scientific supplies purchasing and will facilitate stakeholders' best value purchasing practices and provide for a lower total cost to the University.

1. Product substitution: The team researched and identified areas where there are opportunities to suggest less costly alternatives to products currently being purchased.
    a. Near term: The team identified items in the following four representative sub-categories for product substitution: pipettes, petri dishes, tubes, and flasks. These items make up $1.46M or 24% of the $6.1M of spend from Fisher and VWR and were identified as some of the more common commoditized items that lend themselves most readily to this effort. The analysis identified two possible substitution strategies:
        i. Substitute current purchases for the least expensive, equal manufacturer alternative. It is believed that this alternative would cause the least amount of change anxiety, but would also result in smaller savings. It is viewed as a good "first step" toward the next level of substitution. Assuming an initial 70% participation/conversion rate (as identified by the team's survey data), savings for these initial four sub-categories would be between $30K and $40K in the first year.
        ii. Substitute current purchases for a significantly less expensive private label alternative. This is the ideal alternative from a savings perspective, but it would cause greater change anxiety; savings for the initial four sub-categories would be between $50K and $70K in the first year.

Further vetting of these recommendations will need to occur directly with affected stakeholders as the possible substitutions identified will need to be confirmed by actual users. This stakeholder engagement is described in greater detail in the change management section of this business case.

   b. Future State: Upon the anticipated success in driving purchasing toward preferred items, as described in the Near Term section above, and with enhanced data collected, further products should be analyzed for substitution options. Based on the savings analysis conducted on the 4 identified items, available savings are anticipated to be between 2% and 5% through product substitutions across other non-reviewed sub-categories where a viable alternative exists.

2. Core list utilization and optimization: Currently UW-Madison receives an average discount of 55% on Fisher core list items (as negotiated through the Committee on Institutional Cooperation Purchasing Consortium or CICPC) that are purchased through e-Commerce.
   a. Enhanced awareness and utilization: 24% of total scientific supplies purchased with Fisher are on the core list (overall expenditures), while only 14% of overall purchases with VWR are on the core list. To take better advantage of the discounts available, items will be clearly marked and users are encouraged to purchase these items as opposed to non-core alternatives. Driving users toward the identified best value products will result in greater cost savings for UW.
   b. Product coverage: Improving the product offerings of the core list to reflect UW purchasing habits will provide best value products that more accurately address UW campus needs and provide enhanced cost savings opportunities. However, due to the current contract in place, this renegotiation may not be possible. If this option is available in the future, it could provide an additional $116K in savings across both vendors. Periodic review (e.g. semi-annually, annually) and potential refreshing of the core list products is necessary to ensure products meet campus needs.
   c. Pricing improvements: Improving core list pricing is a longer term solution, which will require the ability to negotiate pricing with primary vendors directly, and/or negotiations with vendors to adjust manufacturer pricing. Similarly, periodic review (e.g. semi-annually, annually) and potential refreshing of the core list products is necessary to ensure products continue to meet campus needs.
   d. If core lists with both Fisher and VWR are promoted to campus simultaneously, UW must ensure that these lists are not duplicative or conflicting; communication to users should be clear and drive users to the best value products overall for the institution (i.e. the same pipet should not appear on both lists).
   e. Furthermore, it should be noted that the recommended product substitution (recommendation #1 above) and core list strategic purchasing enhancements should be complimentary and reviewed jointly during implementation; these efforts should not be duplicative or conflicting.
3. Vendor consolidation strategy: Currently about two-thirds or $12.6M in scientific supplies spend is conducted with vendors other than those available in the University's e-Commerce system (Fisher and VWR). Though much of this spend is on unique products not offered by e-Commerce distributors, roughly 30% is estimated to be duplicative and should be moved to e-Commerce vendors to reduce process variation and procurement card spend in this area. The recommended procedural standardization and the following "Make it Easy to Do the Right Thing" recommendations will assist in this change.
4. Improved coordination: This strategy involves moving the University from the current state of tactical procurement ("I need it now") to a strategic procurement philosophy allowing pre-planning and enhanced coordination of purchases. Cross-lab and cross-departmental coordination and pre-planning of purchases can lead to additional time and cost savings, for example, efficiencies created from improved inventory management in campus labs, and savings from reduced shipping costs.

"Make it Easy to Do the Right Thing"

These recommendations focus on leveraging technology infrastructure improvements, education, and communication enhancements to enable change on an institutional level. Users will be guided to easily make purchasing decisions consistent with the newly developed institutional procedures and strategic purchasing initiatives while leveraging additional process efficiency savings. Implementation of these recommendations will ultimately free up resources (faculty and staff time) to be more productive and reduce the amount of time staff dedicates to product searching.

1. Increase the number of scientific supplies vendors available on the University's e-Commerce platform; additional vendors to be determined by an in-depth review of product offerings to ensure inclusion of new vendors reflects vendors with unique product offerings that are not duplicative of products already provided by and negotiated with enabled e-Commerce vendors.
    a. Roughly $6M of the University's scientific supplies in-scope spend is covered by Fisher and VWR. Another $12.6M of the in-scope spend is covered by other vendors not currently enabled for e-Commerce. Adding those vendors from the other $12.6M spend that provide non-duplicative products to those of Fisher and VWR, and that have a high overall spend and amount of paper invoices generated will create an ideal environment. Further analysis is required by the implementation team to determine the optimal number of additional vendors to include on the e-Commerce platform, and to identify the specific vendors for inclusion.
    b. Additional vendors available through the e-Commerce site will reduce utilization of non-contracted vendors as well as variation in purchasing methods. This will ensure that end users are directed to products with contracted pricing, and will also provide additional data for future analysis.
2. Enhance the University's e-Commerce system to allow easy searching for required supplies across all UW prime vendors at once to ensure end users receive the best value product negotiated by UW, comply with utilization of contracted vendors, and reduce time spent "price shopping".
    a. This methodology will allow users to easily "make the right choice," while also breaking the cycle of purchasing supplies out of habit or convenience. There will no longer be a reason to simply purchase all products from one vendor, even if the vendor does not provide the product at the best overall value. Instead, technology enhancements will make it easier for users to purchase the identified best value products, while reducing the time required "shopping" for supplies.
    b. According to the team's survey data, almost half of current users periodically check for better pricing on scientific supplies, while a quarter of current users almost always check for better pricing. This solution eliminates the need for and time spent on price checking by giving users the confidence that e-Commerce offers the best value for required items.
    c. UW should work with vendors to request that non-contracted items and/or items covered by other University contracts not be accessible to users on e-Commerce. This will help to drive users to the identified best value products.
3. Make contract pricing readily available and easily accessible and direct users to it. Ensuring that purchasers utilize the correct contracted vendors and receive the correct contracted pricing, especially for those items not available through e-Commerce relationships, is very important and will generate cost savings and efficiencies.
4. [NOTE: the team recommends this section be removed prior to publicizing the materials contained within this business case to avoid related penalties prior to the start of implementation efforts] Improve the communication of and access to gloves products in order to reduce non-compliance risk.
    a. The team identified ~$120K in spend with Fisher and VWR on gloves during calendar year 2011. According to Department of Administration (DOA) mandates, UW is required to purchase lab gloves from the state contracted sheltered workshop; however, gloves are currently being purchased via various other channels as well (MDS, p-card, etc.). Information on how to order the required gloves should be readily available to users, easy to use, and access to purchasing channels for these products should be implemented to improve UW's compliance.
    b. If in the future, UW is provided flexibility from the state to negotiate institution-specific pricing on gloves, potential cost savings may be possible and should be investigated further at that time.

Proposed Milestones and Timing

Implementation of proposed scientific supplies recommendations is dependent upon items highlighted in *Appendix 1 – Strategic Purchasing Appendix*; specifically, technology enhancements, staff, and Strategic Purchasing implementation timing will all impact the potential "start date" for scientific supplies implementation.

Milestone	Timing / Date
1. Business Process Owner to develop high-level charter for specific proposed solutions	3-4 weeks

(identify deliverables, identify team, scope, sponsor, timeline, etc.), and identify individuals to be on implementation team and team member responsibilities/roles	
2. Develop detailed implementation plan based on the charter timeline	1-2 weeks
3. Finalize implementation plan	1-2 weeks
4. Additional data gathering/analysis for initial four product substitution sub-categories (pipets, petri dishes, tubes, and flasks) in order to confirm brand name and private label alternatives 5. Set up initial meeting with e-Commerce vendors to discuss product substitution alternatives, core lists, and vendor capabilities in promoting the use of identified products to campus	3-6 weeks
6. Assemble standards team(s) for initial product substitution sub-categories (pipets, petri dishes, tubes, and flasks) to identify product alternatives/equivalents and confirm ability to use en lieu of other alternatives 7. Conduct additional e-Commerce vendor meetings as needed to confirm/finalize vendor assistance	3-6 weeks
8. Develop communication plan and change management plan 9. Develop policy/procedure for purchase of scientific supplies, "how to" guides, and procedure templates for departmental use 10. Conduct any necessary updates to e-Commerce/vendor sites to reflect agreed upon promotion of product substitution/core list products	3-6 weeks
11. Finalize policy/procedure for purchase of scientific supplies 12. Finalize communication plan and change management plan	1-2 weeks
"Go Live" of Proposed Solution	15-28 weeks

Notes:

- *Milestones 4-7 to repeat on an ongoing basis as necessary for additionally identified product substitution categories*
- *Team assumes Milestones 8 & 9 draw upon lessons learned from policy/procedure/communication developed for other previously implemented Strategic Purchasing commodities, and assistance from AE staff*
- *Timing (e.g. summer vs. academic months) for Milestone 6 must be considered, in order to have representative groups of stakeholders available to assist*

Alignment with Strategy

An Initiative will have the greatest potential for success when the objectives and interests reflect and enhance the strategic objective of the University itself. *(Note: specific language from relevant institutional strategic plans is noted in the respective right-hand columns of the chart below.)*

Solution Description and General Alignment	University Strategy *For Wisconsin and the World, Campus Strategic Framework (2009-2014)*	Vice Chancellor for Administration (VCA) *Strategic Plan (2009-2014)*	Business Services *Strategic Plan FY2012 and Mission, Vision, and Goals*
Policy Development / Institutional Procedure Standardization will improve process efficiencies across the organization while enhancing services provided by colleges/departments to researchers and faculty as well as quality and responsiveness on all levels through more consistent	• Improve communications, and build vibrant and mutually beneficial relationships with government officials, community and state business leaders, educators, and the broader public • Improve our research	• Resource Stewardship: Improve services and clearly demonstrate to campus customers and the public that resources are used responsibly	• Work to change rules that are no longer effective in accomplishing our mission and goals • Prioritize resources where they have the best value • Develop written policies and procedures and the means of educating our customers and vendors

Solution Description and General Alignment	University Strategy *For Wisconsin and the World, Campus Strategic Framework (2009-2014)*	Vice Chancellor for Administration (VCA) *Strategic Plan (2009-2014)*	Business Services *Strategic Plan FY2012 and Mission, Vision, and Goals*
procedures and reduction of redundant and duplicative work.	infrastructure, including pre- and post-award management and compliance		
Strategic Purchasing Initiatives will help all internal stakeholders identify and realize cost savings and improve the institution's financial performance as a whole.	• Make our administration and governance more effective, efficient, and flexible	• Improving process efficiencies in order to enhance services and responsiveness to campus customers as well as identify cost savings and improve the institution's financial performance	• Increase the number of campus-wide contracts for high use products and strive for a level of standardization in structuring those contracts • Perform the buying functions in a manner that provides for the lowest total cost to the university, with consideration to life cycle costs as well as transaction costs
"Making it Easy to Do the Right Thing" will improve efficiencies and enhance services, thereby freeing up staff resources to be more productive in other areas and making it easy for stakeholders to make choices that are in the best interests of the University.	• Improve our technology infrastructure • Support the efforts of faculty and staff to establish productive collaborations across the university, the state, and the world	• Sharing Services across VCA units and with VCA partners to increase collaboration, reduce redundancy and duplication and free up resources for reallocation	• Assess customer needs and expand classes, content, and method of training delivery based on customer feed-back • Continue to expand the use of e-Commerce prime vendors to minimize procurement cycle costs, and to decrease margins needed to operate • Embrace opportunities to utilize Information Technology to increase effectiveness and responsiveness

Customer Readiness

The following customer perspectives – measured by a survey distributed to relevant stakeholders and additional team research – must be considered in order to understand the extent to which users are ready for the proposed change. Additional customer perspectives are contained in *Appendix 4 – Survey Analysis and Results*.

Proposed Solution	Customer Readiness
Policy Development / Institutional Procedure Standardization	Current purchasing practices vary by department, and there is limited campus-wide communication of institutional procedure regarding purchase of lab supplies. The standardization of institutional procedures and elimination of department-specific policies will require a culture shift, and change management will be necessary to foster user acceptance. - Currently only 64% of users surveyed indicate that they look to the University's e-

Proposed Solution	Customer Readiness
	Commerce site first to purchase scientific supplies. - Nearly half of the survey respondents have had no training or did not know training was available for lab supply purchasing policy and procedure - 59% of survey respondents receive their policy and procedure information from other lab or departmental staff while only half of the survey respondents look to institutional policy to guide purchases
Strategic Purchasing Initiatives	Survey analysis and research indicates that customers are more ready for changes associated with pre-planning/coordination efforts, while changes associated with product substitution and/or vendor consolidation will require greater change management and communication of changes and benefits in order to generate higher user acceptance levels. - 79% of survey respondents indicated that they would be willing to wait an extra day to eliminate some shipping and handling charges - The current state allows unlimited choice in vendor, product, and procurement method; however, 70% of survey respondents indicated they would be willing to order an alternative ("generic") product of equal quality at a lesser price o Standards teams will ensure products are comparable and effective to address concerns related to using substitute products in research - Overall, respondents indicate the three most important criteria for selecting lab supplies are: (1) Product quality; (2) Research/equipment requirements; and (3) Price
"Make it Easy to Do the Right Thing"	Survey results and research indicates that customers are ready for changes that streamline the purchasing process and "make it easy to do the right thing": - *Additional e-Commerce Vendors*: 56% of survey respondents identified additional vendors included on the e-Commerce site as the most meaningful improvement to ordering lab supplies through the University's e-Commerce site - *MDS e-Commerce Enhancements:* will encourage those users who indicated that they prefer to make scientific supply purchases using their P-Cards to use established procurement methods, which will improve data availability and efficiency - *MDS e-Commerce Enhancements:* The current methodology facilitates a high degree of price shopping and requires users to individually visit each vendor's website to complete product comparisons. 77% of survey respondents identified the ability to search products across websites simultaneously as the most meaningful improvement to ordering lab supplies through the University's e-Commerce site. This enhancement will make the University's e-Commerce site the place that scientific supply purchasers "want to go" as opposed to the place that they "have to go." - *Make Contracted Pricing Available:* 64% of survey respondents do not know where to find UW-Madison contracted pricing on scientific supplies. 67% of respondents do not check to make sure they received a contracted price on their scientific supplies when purchased outside of the University's e-Commerce site. This results in users not receiving the best value for their purchases, as well as purchasing agents not being able to negotiate the best contracts as users commit their spend to incorrect vendors.

Impact

Anticipated Benefits

Benefit Category	Policy Development / Institutional Procedure Standardization	Strategic Purchasing Initiatives	"Make it Easy to Do the Right Thing"
Improving Productivity and Efficiency	• Procedure Standardization and education at an institutional level will improve administrative	• Improved coordination: This strategy involves moving the University from the current state	• Using the right contracted vendors through easy guidance reduces "shopping

Benefit Category	Policy Development / Institutional Procedure Standardization	Strategic Purchasing Initiatives	"Make it Easy to Do the Right Thing"
	process efficiencies across colleges and departments while enhancing the services that they provide to researchers and faculty • Vendor Sales Representative Policy: Less frequent interruption will enable Faculty and Staff to focus on their primary duties	of tactical procurement ("I need it now") to a strategic procurement philosophy allowing pre-planning and enhanced coordination of purchases • Reduced time spent product searching and/or price comparing when making purchases	around" and provides a basis for the institution to leverage strategic purchasing principles for the overall benefit of the University
Reducing Costs	• Recommended standardization of policies and procedures will reduce duplicative efforts and reduce actual staff time spent with associated processing steps for lab supply transactions by utilizing the lowest institutional cost ordering methods recommended by the team	• Product substitution: The team identified and researched areas to suggest less costly alternatives to products currently being purchased • Core List Optimization: Enhanced awareness and utilization of core list products and related discounts to achieve savings • Vendor Consolidation: Spend with duplicative vendors should be moved to those available through e-Commerce to reduce process variation and costs • Improved Coordination: cost savings related to inventory management, pre-planning, and reduced shipping charges	• Education and training will also focus on educating people on where to purchase lab supplies and how to place orders so that users do not incur excessive shipping and handling charges • Process efficiency savings of converting the paper purchase order process to e-Commerce • Ensuring that purchasers utilize the correct contracted vendors and receive the correct contracted pricing, will provide cost savings
Engaging Employees	• Consistent adoption of University guidelines will foster the transformation of user understanding of institutional resource stewardship vs. departmental resource optimization • Procedural templates will engage employees on a unit level across the institution	• Standards team(s) developed to discuss specific product sub-categories for product substitution will engage high users of these products across the university in solution development • Staff will be encouraged to provide suggestions and feedback and will have metrics available to measure success	• Local employees will be identified as "experts" and will assist in local training delivery
Mitigating Compliance Risk	• Consistent procedures will improve compliance efforts for the university as a whole • Hearing the messages through local channels encouraging local support and training from experts will assist in adoption • Training and communication efforts will serve to enforce the need for using new procedures by reinforcing the message of institutional and local benefits	• Development of metrics for measuring solution success will enhance UW's ability to monitor compliance and assist with the oversight procedures	• With an easier and more efficient UW sales channel, more users may adopt the standard without enforcement • Identified contracted pricing and products will improve the ability to measure compliance and mitigate non-compliance
Data Improvements	• Institutional policy sending users to the tool where UW can capture data in a more	• Driving users to the vendors on e-Commerce (for which UW is able to capture purchasing data) will	• Increased vendors available on the e-Commerce site will enhance data availability for

Benefit Category	Policy Development / Institutional Procedure Standardization	Strategic Purchasing Initiatives	"Make it Easy to Do the Right Thing"
	consistent manner will lead to better decision-making and provide for a more agile and proactive organization, rather than reactive	enhance data analytics	purchases with these vendors allowing for improved data analytics

Stakeholders Impacted

The team acknowledges that initially the introduction of the recommended solutions will increase the required support and potential for resistance for the majority of the stakeholder groups.

Stakeholder Group		Impact
Internal:		
1	UW Leadership / Steering Committee	• Increased time to support initial implementation of institutional procedure standardization • Increased time to support ongoing commitment to enforcement of strategic purchasing initiatives • Providing resources for increased central purchasing activity related to the initiative • Increased institutional spending savings • Potential risk of implementation failure; need to weight costs/benefits from solution implementation
2	Department Chairs / Administrators	• Reduced costs to labs and Departments • Increased time to support initial implementation of institutional procedure standardization • Increased time to support ongoing commitment to enforcement of strategic purchasing initiatives • Reduction of process-related questions due to standardization • Increased staff and researcher time available due to process efficiencies
3	Department Staff (including Delegated Agents, Financial Specialists)	• Reduction of process-related questions • Reduction in time for placing orders • Reduced credit card transactions with less time needed for documentation. • Increased time learning the new purchasing policies • Increased time aligning Departments with institutional purchasing procedures • Greater use of e-Commerce may lead to additional post-purchase review and funding transfers • Additional work required to retrain the end users
4	End Users, to include PI, RA, Lab Tech, and Student Researchers	• Reduced costs to their labs • Easier to make the right institutional choice through e-Commerce tools • Lower costs by allowing more e-Commerce vendors to be shopped at one time and highlighting the best value supplies to be purchased • Reduced variation in ordering methods • Reduced need for end users to source the internet for supplies and time savings that can be used for research or other activities • Increased time to learn and adopt new institutional purchasing procedures • End users may be upset by potential limitation of choice and/or substitution of alternative product • Concerns that alternative products will not meet research need • Not able to continue some old purchasing practices (the wrong choices)

5	Store Room / Purchasing Hubs, such as freezer rooms.	• New purchasing policies and strategic purchasing initiatives may affect the composition of vendors in departmental store rooms and/or freezers and the brand of products available to end users
6	Central Purchasing Staff+ MDS	• Major overall impact on resources as process owner to implement solutions (please see the AE Initiative Financial Model section and *Appendix 1 – Strategic Purchasing Appendix*) • Reduction of basic process questions if the purchasing process is streamlined by increased e-Commerce use and by implementing institutional purchasing polices • Increased time to write purchasing policies and provide standardized purchasing procedures template to end user departments • Increased time for analyzing spend data; identifying items to standardize and/or substitute with lower cost alternatives; and negotiating lower prices • Increased communication of contracts and policies • Development of and assistance with additional training required for the campus community • Increased component of compliance/auditing work • Implementation and maintenance of an e-Commerce system to provide the easiest path to procure best value scientific supplies
External:		
1	Vendors	• Changes in business/profits received from UW • More restrictive vendor access to end users • E-Commerce vendors may be required to provide improved capability to highlight best priced alternatives to items being searched, identify "green" products, etc. • Adding new vendors to e-Commerce • Additional time in contract negotiation
2	DOA	• Minimal impact
3	Granting Agencies	• Minimal impact

Impact on Other Initiatives

There are several initiatives underway which may have synergies with the proposed solutions contained in this document; however, some initiatives may also be challenged and/or enhanced by these proposed solutions.

Initiative	Impact
Other Administrative Excellence Teams: • Strategic Purchasing teams • Resource Allocation team • Policy team	• Numerous inter-dependencies exist between the Scientific Supplies team and the other three Administrative Excellence Strategic Purchasing teams; implementation timelines, communication, change management, and required resources must all be considered in conjunction with the other three initiatives in order to maintain consistency; a UW framework for spend management/procurement will enhance the rollout of identified strategic purchasing recommendations • The Resource Allocation team will help to address the challenge of institutional versus departmental resource stewardship, and may inform the related incentives/disincentives for compliance with this suggested solution • The outcome of the Policy team will help with implementation of institution-wide standard procedures and adoption of policy
MDS e-Commerce Technology/eProcurement Initiatives	• Current initiatives to update the MDS e-Commerce tool will impact the ability to implement the proposed solution

Initiative	Impact
	• Noted dependencies/constraints from this document should be used to contribute to the UW technology framework/plan and help to inform the required technology platform
UW Purchasing Initiatives	• Current contracting and vendor initiatives/approaches may change and/or be enhanced as a result of this proposed solution
State Department of Administration (DOA) Procurement Initiatives/Requirements	• Adoption and enforcement of current and potential mandated DOA sheltered work center programs must be considered moving forward (e.g. for purchase of gloves)
Campus Sustainability Initiative	• This proposed solution peripherally touches on campus sustainability; current sustainability initiatives should be kept in mind when implementing this solution

Project Success Factors

Change Management Plan

A thoughtful and well-executed change management, communication and training plan is critical to success. Recommended mandatory policy/procedure and substitution strategies will face a substantial cultural hurdle and will be perceived by many as a limitation on flexibility and autonomy. The team recommends the following strategies be incorporated into the plan to ensure successful implementation:

Communication/Change Management Considerations

- Top-down communication to campus outlining the purpose and goals of the overarching AE Strategic Purchasing initiative, anticipated overall purchasing changes, and demonstrated institutional leadership support of the planned implementation
    - Must be provided early on and continuously and be supported by departmental leadership
- Communicate to campus the benefits of identified scientific supplies strategic purchasing solutions
    - Benefits communicated to campus should include: identified potential cost savings, time and efficiency enhancements, and specific streamlined processes, with examples of each (e.g. “what’s in it for me?”)
    - Focus on the benefits to the institution as a whole and the costs that departmental optimization has on institutional efficiency (e.g. “It’s my money” vs. “university money”) and the opportunity to stretch federal funds further
    - Communicate that a “standards team” comprised of researchers and professional staff which represent the entire campus will be created and involved in the research and selection of appropriate alternatives
- Communicate scientific supplies implementation timeline to campus and provide relevant periodic updates on an ongoing basis, regarding progress to meeting goals, efficiencies gained, and cost savings realized
- Educate campus users on how to find and use UW-contracts and contracted pricing/products
- Encourage users to work together in support of recommended coordination/pre-planning efforts
- Incorporate a mechanism to allow campus to provide ongoing feedback and express concerns to the implementation and AE teams
- Supplement face-to-face communication with online resources, including: a centrally developed hub for strategic purchasing information outlining new policy and procedure information; “how to purchase” training with very short modules focusing on a clear and easy process; online tools with simple directions on the preferred/required method to purchase lab supplies, how to find the desired products (vendor highlighting or

best value products and easily navigable core list items), how to use purchasing contracts and find contracted pricing, and templates/procedural documents

- Consider use of various communication methods/platforms to reach different stakeholder groups as outlined in the table below:

Stakeholder Group	**Communication(s) *to* the Group**	**Communication/Role(s) Expected *From* Group**
UW Leadership / Steering Committee	Business Case; updates from AE team and staff; Advisory Committee Meetings	▪ Continue to provide institutional support for the "why" and transition message to support the "how" that AE teams are proposing ▪ Frame institutional plan ▪ Ask Dept. Chairs/Administrators to offer direct support
Department Chairs / Administrators	Top Down communication from leadership	▪ Champion AE recommendations and lead by example in their divisions ▪ Provide support for local forums, meetings, and trainings ▪ Empower staff to act on new policy/procedure ▪ Enforce policy
Department Staff (Delegated Agents, Financial Specialists, Accountants)	Inside UW emails, local newsletters, FMM, Delegated Agent meetings, centralized forums and training opportunities (face-to-face and web based), centralized policy updates on the web, Administrative Services newsletter, local training opportunities, local staff meetings, local implementation of policy/template changes for websites, local experts list, AE website updates	▪ Implementation of policy/procedure templates and communication to local users ▪ Conduct local training opportunities using centrally provided materials that local users will customize after attending "train the trainer" events ▪ Local experts will be champions of the efforts ▪ Provide content for and distribute local newsletters featuring progress reports and examples of successes ▪ Provide feedback on how the initiative is working
End Users, to include PI, RA, Lab Tech	Inside UW emails, local newsletters, centralized forums and training opportunities (face-to-face and web based), centralized policy updates on the web, Administrative Services newsletter, local training opportunities, local staff meetings, local implementation of policy/template changes for websites, local experts list, AE website updates	▪ Local experts will be champions of the efforts. ▪ Provide content for local newsletters featuring progress reports and examples of successes ▪ Provide feedback on how the initiative is working ▪ Provide suggestions for standardization/core list items ▪ Participate in Standards Teams
Store Room / Purchasing Hubs	Inside UW emails, local newsletters, centralized forums and training opportunities (face-to-face and web based), centralized policy updates on the web, Administrative Services newsletter, local training opportunities, local staff meetings, local implementation of policy/template changes for	▪ Implementation of policy/procedure and communicate to local users ▪ Local experts will be champions of the efforts ▪ Provide feedback on how the initiative is working ▪ Provide suggestions for standardization and core list items

	websites, local experts list, AE website updates	
Central Purchasing Staff+ MDS	Communication and training from leadership, local staff meetings, Administrative Services newsletter, AE website updates	▪ Coordination of identification of items to standardize, core lists, and pricing ▪ Communication and negotiation with vendors ▪ Communication of new policy/procedure ▪ Build central online content and training ▪ Conduct centralized training sessions and train-the-trainer events ▪ Provide and deliver content to FMM, delegated agent meetings, centralized forums ▪ Provide information for Inside UW email and Administrative Services newsletter ▪ Provide templates for local departmental staff ▪ Keep experts list up to date ▪ Keep web content timely
Vendors	Direct verbal communication with central purchasing agents and local departmental staff, Central policy updates, AE website updates	▪ Abide by any new policies set forth by the University and departments ▪ Participate in contract negotiations ▪ Provide easiest pathways to University desired best value products

Implementation Considerations

- Implementation team should consider methods to validate scientific supplies solutions related to product substitution by implementing Standards Teams with appropriate key stakeholder representatives
- Measuring Compliance:
    - Post audit purchasing review and analysis for opportunities for improvement
    - Post-audit feedback and conversations with non-compliant purchasers
    - Exemption process for purchasing non-standardized products; dependent on feedback received from stakeholder validation and post-audit purchasing data
    - Implementation team to consider incentives and disincentives to promote compliance (e.g. public recognition of departments and/or individuals, financial incentives provided to high-performing departments, etc.)
- Consideration of individuals who purchase from alternative vendors and/or through alternative methods, and methods to help them transition to new purchasing policies
- Training and education required to assist users to transition to the new processes
- Implementation team to consider change management requirements to improve coordination between purchasing and shipping/receiving staff

Dependencies or Constraints

The following dependencies and/or constraints were identified as required outputs that the proposed solution is dependent upon; several additional dependencies and/or constraints are outlined in *Appendix 1 – Strategic Purchasing Appendix*.

- Negotiations with vendors
    - Vendors' willingness and ability to modify core list

    - University's ability to adjust user behavior
    - Vendor ability and willingness to identify and direct users to core list items as needed
- Ability to collect required data relating to product substitution and vendor consolidation
- User response to quality of substitute items
- User response to policy changes
- Ability to implement enforcement policies
- Ability to manage exceptions complexity (via policy, procedure, etc.)
- Central purchasing staff time to implement
    - Keeping current with pricing, negotiations, training, policy development, etc.
- Technology support
    - Ability to onboard additional needed e-Commerce vendors
- Perceived degree of success of other AE initiatives
- Department/college time and willingness to align with institutional procedures
- Leadership support of Strategic Purchasing initiatives

Assumptions

Several assumptions were made in support of the proposed solution as described in this document:

- The majority of users are homogenous enough to support the following assumptions:
    - Users want to follow their easiest path to purchase, which may not always be the best path for the institution
    - Users are trainable and willing to learn/adopt new or different purchasing methods/policies
    - Users want their required items as soon as they are identified
    - Users want to save money, provided that quality of item is not sacrificed and/or grant funds can support spending flexibility
    - Users don't understand which purchasing method is best/correct/available for their situation
    - Users don't understand how to use or the benefit of using contracts
    - Users are unsure of when to contact purchasing (local or central) for assistance and when to do on their own
    - Users are aware of top down communication of need for institutional resource stewardship
    - Users are not purchasing experts and don't want to become experts
- MDS e-Commerce is the most efficient ordering method for in-scope scientific supplies
- Departmental policies are inconsistent or non-existent for purchasing lab supplies
- Assume end-results of the research will not be affected by substitute products
- Team survey results are representative of key campus stakeholder groups

Financial Model Assumptions:

Assumption	Description
70%	Participation/Conversion Rate
750	Total Number of Fisher Adjusted UW-Madison "Core List" Items
55%	Current Fisher "Core List" Weighted Average Discount (based on Jan. 2011 price book)
54%	Current Fisher Weighted Average Discount on Adjusted "Core List" Items
56%	Fisher Core List Discount with Negotiations (Low Estimate)
60%	Fisher Core List Discount with Negotiations (High Estimate)
200	Total Number of VWR Adjusted UW-Madison "Core List" Items
61%	Current VWR "Core List" Weighted Average Discount (based on Jan. 2011 price book)
56%	Current VWR Weighted Average Discount on Adjusted "Core List" Items
2%	Product Substitution Savings (Low Estimate) - for "All Other"
5%	Product Substitution Savings (High Estimate) - for "All Other"
5%	Private Label Product Substitution Savings (Low Estimate) - for "All Other"
7%	Private Label Product Substitution Savings (High Estimate) - for "All Other"
5%	Vendor Consolidation Savings (Low)
10%	Vendor Consolidation Savings (High)
$3,500	"Other Vendor" In-Scope Spend (e.g. non-Fisher and VWR in-scope spend)
$68	Average Staff Cost per Hour [(hourly base salary x fringe x indirect cost rate)] ($'s are not in 000s)
50%	Percent of MDS Orders to Gain Time/Process Efficiencies
0.25	Current Time Spent Shopping via MDS (by hour)
0.17	Future Time Spent Shopping via MDS (by hour)
51,320	Estimated Number of non-MDS Annual Orders
25%	Percent of non-MDS Orders to Gain Time/Process Efficiencies
0.50	Current Time Spent Shopping via non-MDS (by hour)
0.17	Future Time Spent Shopping via non-MDS (by hour)
2,700	Estimated Number of POs Reduced from Addition of New e-Commerce Vendors
$100	Estimated Cost Savings per PO (Reduced) [$'s are not in 000s]
3%	Purchase Growth Rate (for 5-Year Projections)

Project Risks

Various risks exist with regards to implementing the proposed solution, and must be considered in determining the viability of implementation.

- **Combating the "it's my money" attitude and inability to articulate the need for and benefits of institutional resource stewardship**: an effective communication and change management plan will be essential for shifting user perception and increasing acceptance and understanding of strategic purchasing initiatives
- **Strategic purchasing requires major culture changes, such as for product substitution, required purchasing policies/procedures, and planning ahead**: communication to end-users to describe the value/benefit and "what's in it for me" as well as top-down support of and setting of expectations for the initiatives will be essential for success
- **Ensuring compliance with new policies**: monitoring compliance and enforcing policies will require dedicated resources (staff and time)

Criteria for Measuring Success

The following criteria should be used to evaluate the success of the proposed solution, monitor progress, and inform future projects.

- **Financial/Operational Performance & Costs Reduced/Avoided:**
  - Total UW spending with scientific supplies vendors (both Accounts Payable and P-Card totals) in 12 months prior to implementation of proposed solution compared to total UW spending from the same sources at various intervals following implementation (e.g. 6 months, 12 months, etc.) to gauge differences in total spending on commodity and any increase/decrease in purchasing that may improve financial/operational performance (e.g. to analyze increases/decreases in spending with non-e-Commerce or non-contracted vendors)
  - Measure UW spending with MDS e-Commerce vendors on core list and identified product substitution items in 12 months prior to implementation of proposed solution compared to UW spending from the same sources at various intervals following implementation (e.g. 6 months, 12 months, etc.) to identify costs reduced/avoided via strategic purchasing strategies
  - Measure performance of substituted products purchases vs. baseline; does quantity of uncategorized spend decrease as people purchase more substituted items?
  - Request line item purchase history reports be submitted to UW by certain primary vendor(s) on a periodic basis (e.g. quarterly, semi-annually, annually, etc.) with indicators for type of pricing applied (e.g. core list, manufacturer price, etc.) such that UW can analyze campus purchasing habits and better understand purchasing on supplies on an ongoing and consistent basis
  - Implementation of a standard process for review of additional product substitution opportunities using lessons learned (communication, change management, negotiation, etc.) from initially implemented sub-categories to achieve additional operational efficiencies and cost savings
- **User Acceptance:**
  - Total UW spending with scientific supplies vendors (both Accounts Payable and P-Card totals) in 12 months prior to implementation of proposed solution compared to total UW spending from the same sources at various intervals following implementation (e.g. 6 months, 12 months, etc.) to gauge user behavior changes and understand increased use of contracted vendors and adoption of recommended policy/procedure changes (decreased maverick spending)

- Measure UW spending with MDS e-Commerce vendors on core list and identified product substitution items) in 12 months prior to implementation of proposed solution compared to UW spending from the same sources at various intervals following implementation (e.g. 6 months, 12 months, etc.) to gauge user adoption of substituted products and recommended policy/procedure changes
- Periodic user surveys/targeted product standards teams to measure customer satisfaction regarding communication of UW contracts, pricing, and policy/procedure, as well as to determine if training, communication, and product selection meet campus needs

- **Tracking to Schedule:**
  - Comparison of achieved implementation milestones to identified milestones and timing from initial implementation plan finalized at the start of the implementation phase to understand ability to track to schedule

Supporting Documents

The following documents are attached to this business case in support of the proposed solution and related analysis:

- **Appendix 1**: Administrative Excellence Strategic Purchasing Appendix
- **Appendix 2**: Scientific Supplies Financial Model Workbook
- **Appendix 3**: UW Purchasing History Analysis – Fisher, VWR, BioExpress, and Aestiva data analysis workbooks
- **Appendix 4**: Survey Analysis and Results
- **Appendix 5**: Policy Research/Benchmarking

Signoffs

Advisory Committee	*Full endorsement (with noted implementation considerations) received on 5/3*
Steering Committee	*Approved May 16, 2012*

Report on Data

Metadata

The following data was collected in support of the analysis conducted by the project team:

- **Scientific Supplies Data Sources & Structures**

Data Item	Data Source Description	Data Structure	
Fisher Line Item Purchase Data ("Fisher-VWR Usage Data 2012-01-30_v2_dness.xlsx")	▪ UW-Madison Fisher MDS E-Commerce line item purchase history for calendar year 2011 (1/1/11-12/31/11) ▪ Data reflects all UW-Madison Fisher campus purchases ▪ Data collected by Dawn Ness and provided to Scientific Supplies work team	▪ PB Date ▪ Vendor ▪ DocDate ▪ CustNmbr ▪ SOPNumber ▪ Item # ▪ Item #_UOM ▪ Item Description ▪ UOM ▪ Qty ▪ Unit Price	▪ Customer Department ▪ Contact Name ▪ Customer Email ▪ Fund ▪ Price Book ▪ Unit ▪ Current_List_Std ▪ Rebate Ind ▪ Hot List Ind ▪ CDC

Data Item	Data Source Description	Data Structure	
		▪ Ext Unit Price	▪ VN_Name
VWR Line Item Purchase Data ("Fisher-VWR Usage Data 2012-01-30_v2_dness.xlsx")	▪ UW-Madison VWR MDS E-Commerce line item purchase history for calendar year 2011 (1/1/11-12/31/11) ▪ Data reflects all UW-Madison VWR campus purchases ▪ Data collected by Dawn Ness and provided to Scientific Supplies work team	▪ PB Date ▪ Vendor ▪ DocDate ▪ CustNmbr ▪ SOPNumber ▪ Item # ▪ Item #_UOM ▪ Item Description ▪ UOM ▪ Qty ▪ Unit Price ▪ Ext Unit Price ▪ Customer Department	▪ Contact Name ▪ Customer Email ▪ Fund ▪ Vend_Name ▪ Vend_Item_No ▪ List_Price ▪ Disc_PCT ▪ Sell Price ▪ Commodity Category ▪ UNSPSC Code ▪ UNSPSC Description
GLBRC Aestiva Line Item Data ("YR 4 GLBRC Aestiva Report 3105 Only.xlsx")	▪ Calendar year 2011 GLBRC line item purchasing data of 3105 supplies ▪ Data reflects purchases as entered into Aestiva ▪ Data collected by Catherine Carter and provided to the Scientific Supplies work team	▪ Date Ordered ▪ Account Number ▪ Class ▪ Vendor Name ▪ Item ▪ Description	▪ Quantity ▪ Unit of Measure ▪ Unit Price ▪ Extended Price ▪ Fund
Fisher FY2011 Spending Distribution ("UW_SS_Fisher_Spending_Distribution_By_Fund_FY2011.xlsx")	▪ FY2011 UW-Madison line item data from WISDM detailed accounting view for all General Ledger transactions ▪ Data reflects invoices with reference field identified as "LAB PV" (Fisher) for FY2011 that may have been reallocated using PAT ▪ Data collected by Steve Carrola and provided to Scientific Supplies work team	▪ Monetary Amt ▪ Fund ▪ Dept ▪ Project/Grant ▪ Prog ▪ Sub-Class ▪ Acct Descr ▪ Fiscal Yr ▪ Acct ▪ Ledger ▪ Descr	▪ PO ▪ Vchr ID ▪ Acct Period ▪ Date Posted ▪ Jrnl Date ▪ Line No ▪ Enc Amount ▪ Jrnl Line Ref ▪ GL Jrnl ID ▪ Reference Number
VWR FY2011 Spending Distribution ("UW_SS_VWR_Spending_Distribution_By_Fund_FY2011.xlsx")	▪ FY2011 UW-Madison line item data from WISDM detailed accounting view for all General Ledger transactions ▪ Data reflects invoices with reference field identified as "VWR PV" for FY2011 that may have been reallocated using PAT ▪ Data collected by Steve Carrola and provided to Scientific Supplies work team	▪ Monetary Amt ▪ Fund ▪ Dept ▪ Project/Grant ▪ Prog ▪ Sub-Class ▪ Acct Descr ▪ Fiscal Yr ▪ Acct ▪ Ledger ▪ Descr	▪ PO ▪ Vchr ID ▪ Acct Period ▪ Date Posted ▪ Jrnl Date ▪ Line No ▪ Enc Amount ▪ Jrnl Line Ref ▪ GL Jrnl ID ▪ Reference Num
CICPC Fisher Price Book ("CICPC-Fisher Jan2012.xlxs")	▪ Jan 2012 CICPC price book for Fisher products as submitted to UW-Madison by CICPC ▪ Data reflects CICPC contract pricing for Fisher purchases ▪ Data collected by Dawn Ness and	▪ Cat # (cond) ▪ Description ▪ Std Unit ▪ SU List ▪ SU Price ▪ Std Disc	▪ VMA ▪ Prod_Typ ▪ Disc Type ▪ Contract Minimum Applied ▪ SU Hits Min?

Data Item	Data Source Description	Data Structure	
	provided to Scientific Supplies work team	▪ Alt Unit ▪ AU List ▪ AU Price ▪ AU Disc ▪ CDC ▪ VN_Nbr ▪ VN_Name	▪ SU Cost ▪ AU Hits Min? ▪ AU Cost ▪ CheckLevel_E&I ▪ CDC_Groupings_E&I ▪ SKU Count_E&I ▪ DateOfTable_E&I ▪ AdjustedItem_E&I
CICPC VWR Price Book ("CICPC-VWR 12-13-11.xlxs")	▪ Jan 2012 CICPC price book for VWR products as submitted to UW-Madison by CICPC ▪ Data reflects CICPC contract pricing for VWR purchases ▪ Data collected by Dawn Ness and provided to Scientific Supplies team	▪ Prod_No ▪ UOM ▪ Description ▪ Vend_Name ▪ Vend_Item_No ▪ List_Price ▪ Disc_Percent	▪ Sell_Price ▪ Commodity Category ▪ UNSPSC Code ▪ UNSPSC Description ▪ Core List Item ▪ On Previous Price File ▪ DateOfTable_E&I
BioExpress Data ("UWMAD2011_BioExpress_Data_2012-02-06.xls")	▪ Calendar year 2011 BioExpress vendor line item purchasing data ▪ Data provided to UW by BioExpress	▪ Order Date ▪ Bio Express Item# ▪ Description ▪ Qty Sold ▪ Unit Price ▪ UOM ▪ Ext Price ▪ Cust Acct # ▪ Customer Name	▪ Customer Contact ▪ Department Name ▪ Delivery Address ▪ Vendor Name ▪ Vendor Item # ▪ List Price ▪ Commodity Category ▪ Month ▪ Year
Chemistry Aestiva Data ("Chemistry of Copy of Aestiva_Usage_Data_2012-01-26-3-1.xlsx", "Chemistry of Copy of Fisher_Usage_Data_2012-01-25-1-1.xlsx", "Chemistry of Copy of VWR_Usage_Data_2012-01-25-1.xlsx")	▪ Calendar year 2011 Chemistry line item purchasing data (split by Fisher, VWR, and all other, respectively) ▪ Data provided to Scientific Supplies team by Rosanna Ellman/Catherine Carter	▪ Date ▪ Vendor ▪ Qty ▪ Item ▪ UOM ▪ Description	▪ Each ▪ Total ▪ Research Group ▪ Requested By ▪ Class
Biochem Aestiva Data ("Biochem Fisher and VWR Data.xlsx", "Biochem Fisher and VWR 2 Data.xlsx")	▪ Calendar year 2011 Biochem line item purchasing data (split into two files for 6 months each) ▪ Data provided to Scientific Supplies team by Carla Fisher	▪ Approval ▪ Department ▪ Vendor Name ▪ Submit Date ▪ Item	▪ Description ▪ Quantity ▪ Unit Price ▪ Extended Price ▪ Funding
McArdle Stockroom Data ("UW_SS_McArdle_Stockroom_Data_2012-02-02.xls")	▪ FY2012 to date line item purchasing data for McArdle stockroom ▪ Data provided to Scientific Supplies team by Randy Martinson	▪ Catalog # ▪ Date ▪ Fund ▪ Item ▪ Item Size ▪ Quantity	▪ Req # ▪ Total Cost ▪ Total fund charge ▪ Unit Cost ▪ Vendor

- **Metrics for Future-State Reporting & Analysis:** As detailed in the *Criteria for Measuring Success* section, there are several metrics that can be used for future state reporting and analysis. In order for the above-mentioned metrics to be useful the following should be considered for implementation:

- Periodic review of core list and substitute products (e.g. quarterly, semi-annually, annually, etc.); a formal review with the contracted vendors to measure core list use, campus needs, and the changing supplies requirements should be conducted to replace/update the core list as needed
- Creation of a standard report for use in soliciting reports from vendor(s) and identification of primary data fields for analysis such that ongoing analysis can be conducted with a streamlined approach

- **Issues / Concerns with Data Collections:**
  - Fisher/VWR MDS E-Commerce data requires additional information from price books received by UW-Madison from CICPC/E&I/vendors; this data requires additional steps be taken to create a full picture of UW purchasing history and corresponding contracted pricing which is both time-consuming and increases the possibility of error
  - High number of non-MDS vendors and use of shadow systems on campus to document purchasing data creates roadblocks in collecting data and in the ability to analyze data consistently across campus
  - Lack of campus wide purchasing history data for non-MDS vendors prevents full analysis of scientific supplies spending
  - Continued timeliness of vendor-provided data reports can impact UW ability to analyze trends

Data Accuracy

- **Data Accuracy / Data Reliability:**
  - Fisher/VWR E-Commerce data – purchase detail from E-Commerce assumed to be correct; however rebates applied after purchase are not included
  - Campus data (e.g. Aestiva, stockroom, etc.) – purchase detail is often not consistent across departments; hand-entry of purchases may result in incorrect/unreliable data
  - Variation within dates – validation of the time period used for various datasets (invoice date versus paid date) for accurate comparison of purchases

- **Common Data Definitions:**
  - Manufacturer part IDs/item descriptions provide UW with a common understanding of the individual purchases by vendor for purchase comparison across vendors (e.g. identification of duplicative purchases across multiple vendors); this data is not readily available for Fisher E-Commerce purchases and may impact accuracy of comparisons

Data Recommendations

The team recommends the following items to improve the suitability, availability, accuracy, and commonality of data for scientific supplies purchases:

- Increased campus-wide collection of purchasing data in a centrally managed system/database for scientific supplies products
- Improved identification of contracted pricing with vendors for improved data analysis and customer use

- Total number of people (for all teams combined) = 10
- Average cost (salary) per hour/person = $74 (hourly base salary x fringe rate x indirect cost rate)
- $74 x 10 x 12 x 5 = **$44,400**

- Other recurring costs that were not quantified by the team due to lack of data include:
  - Campus executive leadership effort required to support compliance
  - Departmental leadership effort required to support compliance, and standards teams
  - Departmental staff effort required to assist with ongoing communication and training efforts

Anticipated Savings, Revenues, and Cost Avoidance

($'s in 000s)

	Up-Front or One-Time	Recurring (annually)	Notes
Materials and Supplies Savings		$383	Strategic purchasing savings
Labor and Services Savings[1]		$785	Time/productivity savings
TOTAL SAVINGS	**$0**	**$1,168**	

Calculated *Labor and Services Savings* reflect time and process efficiency savings that are to be reinvested for improved productivity; identified labor savings would not translate to the bottom-line financials, but represent important efficiency and effectiveness improvements that can be captured.

Five-Year Financial Projection

($'s in 000s)

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Up-Front Costs ($)	($165)	$0	$0	$0	$0
Recurring Costs ($)	($510)	($525)	($541)	($557)	($574)
One-Time Savings					
Recurring Savings	$1,168	$1,322	$1,387	$1,437	$1,488
Net Savings/(Costs)	**$493**	**$797**	**$846**	**$879**	**$914**

Resource Plan

The scientific supplies team has identified the following resources are required to implement the proposed solution. The team anticipates that 4 individuals will be needed to be involved in the implementation for approximately 20 hours per week, for 22 weeks in total (average of *Proposed Milestones and Timing* estimated 15-28 weeks).

Campus Unit/Department	Anticipated Role/Responsibility
UW Purchasing	• Manage vendor relationships and maintain website with up-to-date "best value" product information • Coordinate/organize focus groups and standards committees for product substitution analysis and testing and identify participants • Negotiate price/product arrangements with vendors • Collect and analyze data (e.g. potential SKUs for substitution, core list optimization, vendor consolidation, etc.) • Analyze performance (e.g. spend analysis before/after implementation, metrics reporting, etc.) • Develop policies/procedures and campus communication • Develop change management/internal communications plan • Develop training • Monitor and audit compliance • Develop system for posting contract prices and keep current

Administrative Excellence Staff	• Assist with change management/internal communications plan • Assist with development of policies/procedures
Campus Executive Leadership	• Assist with and support change management/internal communications plan • Support compliance efforts
Department Leadership & Staff	• Assist with and support change management/internal communications plan • Support compliance efforts (e.g. auditing, monitoring, etc.) • Assist with development of policies/procedures and making relevant updates on internal procedures • Support implementation via resource use for standards teams; support and identify standards team participants • Provide training and support for procedure changes
Standards Teams	• Analyze and test potential SKUs for substitution • Provide ongoing feedback to BPO

** Appendix 1 – Strategic Purchasing Appendix* framework across all AE strategic purchasing teams should be considered for resource structure. Further, many of the resources identified above will be dependent upon the ultimate technology platform, and resources required to add vendors to e-Commerce platform are not captured above.

Proposed Funding

See *Appendix 1 – Strategic Purchasing Appendix.*