

Strategic Purchasing – Computer Bundles

Project Team Members

Name	Title	Department
Brian Busby ¹	IS Supervisor	DoIT
Lori Voss	Assistant Director, Strategic Sourcing	Business Services – Purchasing
Brian Kishter	IS Supervisor	DoIT
Eric Giefer	Director, Administrative Computing	Law School
Mike Warren	Associate Director Facilities	Rec Sports
Paul Jelle	Assistant Dean	CALS
Geoff Cohn		Student Representative
Steve Carrola	IS Supervisor	Business Services
Dana Erf	Project Support	Huron Consulting Group

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

Work Team Approach

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

Key Recommendation

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**

Projected Future State

Current State		Future State
2 eCommerce Vendors Supported, Multiple Unsupported Sales Channels		1 Primary Vendor, 1 Secondary Vendor for Articulated Business Need
Unlimited Product and Feature Choice		Limited Choice
Few Departmental Bundles		Institutional Bundles
No Policies		Policies
Some Departmental Price Negotiation		Institutional Negotiation
“My Computer”		“UW Computer”
Computer Choice as Reward in Lieu of Direct Compensation		Computer Serves Business Function

Financial Impact of Proposed Solution

Purchase the Right Computer	Pay Less for Computers	Establish Primary Vendor	Keep Computers Longer ¹
Regardless of vendor selected, bundles save money	Focused on price negotiation	Both vendors meet business needs; the primary vendor is less costly	Sensitivity model shows lifecycle has significant impact
Bundles meet majority of users' needs	Leverage vendor relationships	Estimated 20% shift from secondary to primary under recommended policy	No standard lifecycle currently exists on campus
~ 50% of departments already purchase their own bundles	Evaluate standard warranties/purchases in implementation	Savings impact twice as great with secondary vendor than the primary vendor	Area for future policy and savings
~\$305K Annually in Cost Savings	~\$280K Annually in Cost Savings	~\$170K Annually in Cost Savings	~\$250K Annually in Cost Savings <i>**Not included in Team Savings Estimate</i>
Total Year 1 Estimated Financial Impact = ~\$745K			

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.

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:
 - $1000 \text{ units} * \$200 \text{ savings/unit} = \$200,000 \text{ Savings}$

The more that participate in bundles, the bigger the savings opportunity.

Primary vs. Secondary Comparison – Example

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

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

Implementation Plan

Communication Plan