



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

**Board of Governors & Florida State University
Shared Initiatives Partnership Proposal
September 2014**

Background:

The Board has actively promoted strategic procurement and the savings benefits that can be achieved for several years. Several system-wide contracts have been implemented, with the Board receiving periodic updates. Nonetheless, staffing constraints have prevented the development and implementation of a systematic and coordinated approach. With the addition of a Shared Initiatives Director to the Board of Governors General Office, we are now moving aggressively forward with the Shared Initiatives Partnership. Additionally, Florida State University has offered to take the lead partner role in championing the strategic procurement of goods and services for SUS wide development and collaborative use within each University's education, research and public service mission.

The Shared Initiatives Partnership Goals and Alignment:

The Shared Initiatives Partnership is fundamentally about the strategic allocation of university resources, primarily financial resources. SUS Shared Initiatives aggregates the procurement power of multiple institutions to create leverage in realizing improved pricing, service and risk mitigation. The value of savings achieved will need to be measurable. A shared initiative may consider all possible efficiencies, not simply procurement matters. For example, 179D rebates, Energy Savings Contracts, other national consortium contracts, and shared staffing. Savings realized by this initiative will allow each university to channel more funds toward its core education and research missions as well as provide funding for needed procurement resources to drive greater efficiencies and additional savings. The focus will be on establishing collaborative and cooperative relationships between the Board General Office and the universities, which is appropriate given the size and diversity of the State University System of Florida. While the key concepts of ideas such as strategic sourcing and shared initiatives have value, care will be exercised to benefit from the lessons learned, good and bad, from other higher education entities outside Florida which have embarked on similar ventures.

The Board's Vice Chancellor for Finance and Administration, Tim Jones and Florida State's Vice President for Administration, Kyle Clark are currently serving as leaders of this initiative. They are being seconded by Chris Kinsley, Assistant Vice Chancellor Finance & Facilities for the Board, and Ian Robbins, Director of Procurement Services, FSU. Karen Gibson, Associate

Director, Procurement Services, has been designated as the Executive Coordinator of Shared Initiatives, and a joint selection committee has interviewed candidates for the Board's Shared Initiatives Director.

Role of Executive Coordinator and Shared Initiatives Director:

- Champion the strategic procurement of goods and services for SUS wide development and collaborative use within each University's education, research and public service mission. This includes visioning and planning through implementation.
- Be a central point of contact for coordination of effective and efficient shared initiatives.
- Ensure strong communication to build cross-organization relationships which drive continuous improvements.
- Manage collaborative relationships with internal and external stakeholders to communicate, solicit feedback, and obtain support for the strategic procurement process.
- Work closely with key university staff, as well as other educational, governmental, and community partners, to identify common functions across the system that could be potentially leveraged as a shared initiative. Seek feedback on processes or practices; gather perspectives and ideas for improvements including employing tactics to address each university's differences and buying needs.
- Champion efforts for available funding and resources to enable processes which support the overall SUS business strategies, leveraging an effective combination of shared initiatives including use of other consortium contracts.
- Analyze success of recent projects.
- Work with other SUS team members (this may include establishment of a workgroup) to create goals and align strategic initiatives within the SUS (short and long term). If resources are available FSU may take the lead in many procurement sourcing projects.

Implementation Steps:

- **Business Transformation:** A common Spend Analytics tool that each university can utilize is required as a key initial step. This can be used to obtain data for metrics to determine which contracts may be most beneficial, leveraging contract negotiations, forecasting for improved efficiencies across the SUS, reducing costs by establishing lower pricing or volume discounts, and establishing more favorable terms with key suppliers. Capturing key data for contracts with preferred suppliers provides the necessary spend visibility to achieve significant return on investment. Here are some options:
 - FSU acquires a Spend Analytics tool for the SUS, and is reimbursed by other schools. (est. \$500,000)
 - FSU acquires a Spend Analytics tool for the SUS, and is reimbursed via the 2015-16 LBR. (est. \$500,000)
 - Each school buys directly, piggybacking off a common contract. (est. \$800,000)
- Top down administrative support – each university CFO or COO will be asked to designate a Shared Initiatives leader by September 30th, who will be able to coordinate with Board and FSU staff and be a part of a cross-functional team, and who will

communicate to university staff as well. Other staff may be requested to serve on an ad hoc basis.

- Creation of an SUS Procurement Shared Initiatives “Center” or website (i.e. Microsoft SharePoint) that designated individuals from each university can log-in to, view a centralized procurement schedule and contract information from each university. This will likely require outside assistance via an ITN or RFP.
- Report on issues relating to the viability of shared initiatives contract for cyber security breach insurance as well as cloud service for faculty and staff e-mails. This will provide an opportunity to establish coordination protocols (memorandum from Governor Lautenbach to the university CIOs on August 22, 2014).

Challenges:

- Each university is unique with differences in opportunities and geographic location. The universities are subject to some, but not all state agency restrictions, such as the requirement to provide a price preference to “State” vendors. Many strive to encourage local small and minority business diversity and have many “one time vendors”.
- The Florida based vendor preference law might put newly solicited contracts at a financial disadvantage when compared to solicitations from other systems where no local preference exists; thereby limiting their usage.
- In some instances, small universities cannot command the most favorable pricing, terms and value added services offered the larger universities. Sometimes a “one size fits all” contract is not in the best interest of the combined SUS.
- Departments will need to be educated and trained on the benefits of new contracts in order for them to be effective.
- Timing of implementation of contracts may be a challenge and would have to be flexible as many universities have other high priority projects on their agenda.
- With some contracts it may be difficult establishing the true ROI or cost savings due to thousands of products within catalogs, price changes each year, time and resources managing contracts, etc.
- Until a spend analytics tool is acquired and implemented, the limited ability to estimate each university’s true spend from purchase orders and p-card will impair contract negotiations.
- Conventional wisdom is that the largest savings are achievable in the IT area. These are typically large scale projects with significant project risks. Coordination with university CIO’s is essential.