



State University System of Florida Shared Initiatives

VISION

Our vision is to become an effective and collaborative State University System that leverages its collective procurement power to establish strategically sourced contracts which deliver significant cost savings, process efficiencies, and enhanced service levels for its member institutions, and are established and administered in accordance with sound ethical principles.

MISSION

To increase opportunities for teaching, research, and public service across the State University System of Florida through the efficient use of resources, improved contract pricing, measurable savings, service and other value added benefits.

Total benefit is defined as the total annual benefit generated by procurement actions. These actions have been divided into three types.

Benefit Type	Definition
Cost Reduction	Benefit achieved when procurement action results in a total cost that is lower than baseline cost, and the baseline cost calculation is supported by documented historical price (i.e., previous contract, historical costs, imputed historical cost, or operational improvements).
Cost Avoidance	Benefit achieved when procurement action results in avoidance of additional cost (i.e., maintenance fees, requested price increases, or other ancillary costs).
Value-added	Benefit achieved when procurement action results in new gross incentive (based on volume, compliance/utilization, transaction size, electronic payment, e-commerce, signing bonus, GPO, management fees, incentives or revenue generating etc.).

A baseline type and amount must be specified in order to calculate a benefit. The baseline types are listed in order of preference.

Baseline Type	Definition
Previously Contracted	The pricing, terms and peripheral costs in the baseline are as specified in pre-existing vendor agreements; the current procurement project scope is for a like set of products or services.
Historical Costs	The pricing, terms and peripheral costs in the baseline are the actual costs for a specific Category or Sub-Category of spend over the 12-month period immediately preceding a sourcing event.

Imputed Historical Costs	The pricing, terms and peripheral costs in the baseline are to be established either by: <ul style="list-style-type: none"> I. the initial quoted price from a vendor for a basket of goods, processes and/or services. II. the average of all responsive, non-awarded bids from a multi-vendor RFP process III. the budget, index, or other benchmark
Cost Inclusive of Increase	The pricing, terms and peripheral costs in the baseline are to be established either by: <ul style="list-style-type: none"> I. the supplier's request for a price increase II. a documented trend in market price increase III. other contributing factors to an increased cost

Below are some examples of activities for savings opportunities.

TYPE	ACTIVITY	EXAMPLE	BENEFIT TYPE
Purchase Price Reduction	Reducing the cost of goods or services from previous pricing through professional actions such as negotiations, bidding, etc.	<p>The hourly cost for marketing services is reduced through negotiations from the previously agreed-to rate.</p> <p>Negotiate sole source request and purchase at a reduced cost than originally quoted.</p> <p>Bid a sole source request and receive a lesser price than originally quoted.</p> <p>Purchase a sole source request from shared contract at a lesser price than originally submitted (hard and soft savings).</p> <p>Request for ITB/ITN cancelled and awarded from shared contract less than historical pricing (hard and soft savings).</p>	Cost Reduction
Specification Changes	Initiating a change to specifications for goods or services, resulting in cost reduction.	The thickness specifications for trash can liners exceeded actual needs and a new specification was developed for future purchases resulting in a cost reduction to the campus.	Cost Reduction
Contract Compliance	Redirecting spend and/or implementing processes to achieve maximum benefit from established strategic contracts.	Requisition submitted with the requested source being a vendor, which does not have a contract with the SUS. Purchase is redirected to another vendor, which is under contract at a lower price.	Cost Reduction
SLA / Maintenance Contract Changes	Initiating a specification change to a Service Level Agreement (SLA) or maintenance contract that reduces costs and maintains required service levels.	Reducing a 24 hour x 7 day hardware maintenance contract to 9 hour x 5 day, when round-the clock support is not necessary.	Cost Reduction
Demand Management	Managing demand through alternate solutions to achieve lower overall costs.	A purchase of several projectors reduces the demand for printer materials, supplies, and maintenance.	Cost Reduction

Cost of Quality	Improving the quality of a specification to reduce overall costs.	Requiring higher standards in bolt specifications reduces the number of bolts per order that must be rejected due to defects.	Cost Reduction
Market Adjustment	Negotiating price caps or price changes tied to specific indices.	Negotiated with software supplier to replace annual 10% price increases with increases tied to changes in CPI or 3%, whichever is less.	Cost Avoidance
Purchasing Process Improvement	A purchasing process is implemented or revised resulting in lower costs.	An eProcurement system is implemented so that end users can place orders electronically.	Cost Reduction
Operational Process Improvement	Redirection of FTE time due to a change in operations.	An agreement is established for a vendor to manage the SUS inventory at no additional cost, freeing up procurement resources to focus on other value-add procurement activities.	Cost Reduction
Revenue Generation	Generating value through the sale of surplus or obsolete goods to an <u>internal</u> SUS customer, in lieu of a new purchase from a 3 rd party supplier.	Procurement/materials management arranges the sale of a surplus microscope to another campus department, avoiding a purchase from an outside supplier.	Cost Avoidance
Revenue Generation	Generating value through the sale of surplus or obsolete goods to an <u>external</u> customer	Procurement/materials management arranges the sale of obsolete furniture to a public customer, generating revenue.	Value-added
Prompt Payment Discount	Negotiation of price discount for prompt payment terms.	Buyer obtains agreement with supplier to pay with pcard on a large order, resulting in a rebate.	Cost Reduction
Signing Bonus	Negotiating an incentive for signing a contract.	University negotiates a contract with vendor that includes an upfront signing bonus	Value-added