BOARD OF REGENTS
PURCHASING EFFICIENCY EFFORTS

FOR
STATE GOVERNMENT EFFICIENCY REVIEW COMMITTEE
November 16, 2011
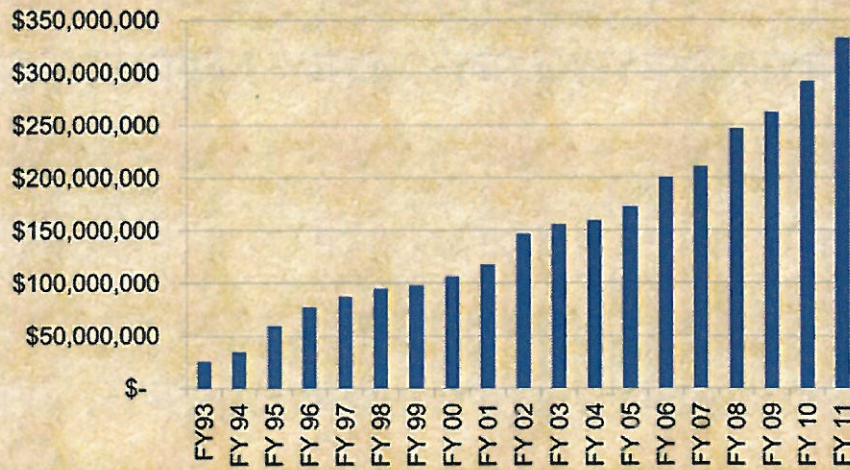

HISTORICAL REVIEW
REGENTS/STATE COOPERATION

➤ FY 83: Cooperative Purchasing – Regents/State Agencies

➤ FY 86: Joint Regent Pricing Agreements

➤ FY 89: Joint Regent Cooperative Contracting

➤ FY 92: Regents Targeted Focus on Cooperative Spending

➤ FY 94: Joint Contracting through IBA

COOPERATIVE SPENDING

COOPERATIVE CONTRACTS

- Cellular Technology
- Flexible Spend Administration
- Office Furniture
- Emergency Disaster Response Services
- Equipment Maintenance Services
- VM Ware Software
- Green Cleaning Supplies
- Maintenance, Repair and Operational Supplies
- Computer Desktops/laptops
- Copiers
- Fleet Overflow Vehicle Rental
- Library Book Binding
- Office Supplies
- Laboratory Equipment, Supplies & Casework
- Hazardous Waste Disposal

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OPERATIONAL EFFICIENCIES

- Electronic & Web-Based Requisitions and Purchase Orders
- Procurement Card and Electronic Travel Systems
- Electronic Invoices and Payments
- Web-Based Market Place
- Electronic Catalogs
- Competitive Bid Systems
- Spend Analytics Tools
- Bid Documents are Publicly Available to Download by Bidders

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PLANNED COOPERATIVE EFFORTS

- International Travelers Insurance & Emergency Evacuation Services for Study Abroad Students
- Plumbing Supplies
- Telecommunication Supplies
- Audio Visual Equipment
- Dental Supplies
- Long Term Group Care Insurance

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Regents Institutions

Iowa Braille & Sight Saving School

Iowa School for the Deaf

Iowa State University

University of Iowa

University of Northern Iowa

BOARD OF REGENTS PRESENTATION
TO
STATE GOVERNMENT EFFICIENCY REVIEW COMMITTEE: PURCHASING
November 16, 2011

Iowa State University:	Arlo W. Meyer, Assistant Vice President for Business Services
	Nancy S. Brooks, Director of Purchasing
University of Iowa:	Mary Jane Beach, Assistant Vice President and Director of Business Services
	Deborah J. Zumbach, Senior Associate Director of Business Services and
	Director of Purchasing
University of Northern Iowa:	Kelly A. Flege, Director of Business Operations
	Brian T. Looby, Purchasing & Payables Manager

Board of Regents Purchasing Efficiency Reports
Thank you for the opportunity to share Regent efficiency efforts with you. Today, we will review Regent cooperative procurement and operational efficiencies and introduce other planned Regent efforts.

Procurement in higher education exists to support the strategic mission of our institutions by achieving best value and functionally supporting its research, teaching, outreach, and patient care missions. We support major research initiatives; play a key role in revenue generating contracts; and partner within our respective institutions to achieve a competitive edge in the recruitment and retention of world-class students, faculty and staff. The regents institutions' purchasing staffs manage over $1 Billion in spend annually. Our goals include maximizing Regent resources and providing economic opportunities for Iowa businesses. The search for cost and process efficiencies is a continuous pursuit and one we take seriously.

Historical Review of Regents/State Cooperation
The Regent Purchasing departments are very supportive of the continuing opportunity to work with other state agencies when opportunities for efficiencies and savings exist. To exemplify our spirit and tradition of cooperation, we were able to document the beginnings of interagency cooperation back to 1983. Over the years, we progressed from merely sharing best pricing contracts with each other and state agencies to aggregating and leveraging our spend through joint contracting. The Regent purchasing officers met quarterly over the years with DAS (formerly DGS), IDOT, IPI and ICN to discuss opportunities for joint contracting as well as efficiencies to operations by discussing common issues and sharing best practices in procurement and technology.

By 1989, regent institutions began developing joint cooperative contracts by combining Regent spend into single contracts. Joint regent contracting became a focused priority in 1992 at the Board of Regents' direction.

In 1994, The IBA was formed from efforts of the Iowa Business Council and Biotechnology Purchasing Committee which included a purchasing consortium. Some of the regent's best-in-class contracts were shared with the IBA for the benefit of all participating state agencies, regent institutions, and Iowa biotechnology companies. This joint effort achieved cost savings for many Iowa entities in contracts for office supplies, laboratory equipment and supplies, and casework. The regent institutions and state agencies also have a long history of collaborating on vehicle and fuel purchases. Joint procurement is truly a best practice and has provided all participants with substantial cost savings over the years.

Cooperative Spending

The regent institutions have developed many cooperative agreements over time, many which allow use by other state agencies. We are currently utilizing 46 agreements which are either developed as a joint effort or pricing extended to other agencies.

Regent spend on joint contracting efforts grew to over $330 million during FY11. In addition to our spend on joint contracts, the regent institutions also purchase from national higher education cooperatives and group purchasing organizations which are not represented in this figure. Even though the regent institutions were able to aggregate and leverage a great deal of our spend, we also were able support the Iowa economy with nearly $325 million in purchases to Iowa businesses. One casualty of leveraging spend are often small and local businesses who cannot compete against the multi-national corporations. Regent purchasing has always been sensitive to this phenomenon and works hard to achieve a balance.

Cooperative Contracts

This slide lists examples of the goods/services of our cooperative contracts. Some of these are regent specific to address higher education needs, some are either joints contracts with state agencies, others are Regent contracts open to state agencies.

We evaluate the benefits of joint contracting opportunities to determine if combining volume will provide better pricing and reliable service.

For FY 2011, Regent cost savings realized for the new collaborative contracts totaled $997,396. Even more important than cost savings was having an emergency disaster response contract in place prior to the August 2010 flood at the ISU Campus. This enabled the university to respond quickly and appropriately.

For FY 2012, we anticipate cost savings for the joint Flex Spend Administration contract to be $393,510 over the next 5 years and for the cell phone services contract to be approximately $107,000/year.

Operational Efficiencies

Regent institutions have focused on identifying and implementing cost efficiencies for many years. The budget reductions over the last decade have demanded achieving significant administrative efficiencies and the creation of efficiencies for our entire enterprise.

Regent greatest accomplishments have been in operational efficiencies. We have improved our campuses through electronic & web-based technologies. Not only do these initiatives save time and money, they provide greater transparency and external supplier access. (Read through list). These solutions provide better access to our prime contracts, compliance, and pricing from suppliers.

The regent institutions also share these innovative solutions with the State so they can determine if they are applicable and beneficial to them.

Planned Cooperative Efforts

We continue to meet in FY12, sharing best practices and probing for new opportunities to collaborate. The regent institutions are currently working on new initiatives for FY12, which include International Travelers Insurance and Emergency Evacuation/Repatriation Coverage for Study Abroad Programs. We are currently exploring new cooperative bids with state agencies for plumbing supplies and telecommunication supplies. If time permits, we may be able to evaluate the potential for audio visual equipment. In addition to these new projects, the scientific supply and casework contracts are being rebid as an IBA contract. Group Long Term Care Insurance for Regent institutions will be rebid during FY12.

There are challenges to the future of joint contracting. Since we have been developing cooperative contracts over the years, fewer opportunities exist. Particularly those opportunities to produce significant cost savings. Other challenges include the fact that we maintain buildings of different eras and construction requiring special materials and/or parts. We have unique educational and research programs and customer based needs. Some industry practices such as separate divisions for private, education, and government markets often create increased discounts for education markets. Higher Education also must be concerned about our customers. Our students and sponsors can walk away if we do not provide them with exceptional service.

Future new cost savings are expected to be minimal since we have already significantly benefited from the leveraging of our spend. The supplier community establishes pricing based on their risk of doing business. What we have discovered is pricing is not a function of volume alone. The national Education Advisory Board research along with research conducted at our universities, indicate that other factors may be more important than volume, i.e., market share commitment, prompt payment, fairness of buying entity, reasonableness of terms and conditions, shipment size & location, and needed services.

We continue to develop best practices in procurement along with operational efficiencies. Cooperating with state agencies has always been and continues to be a best practice.

IT Efficiencies at the Regents Universities
Nov. 16, 2011
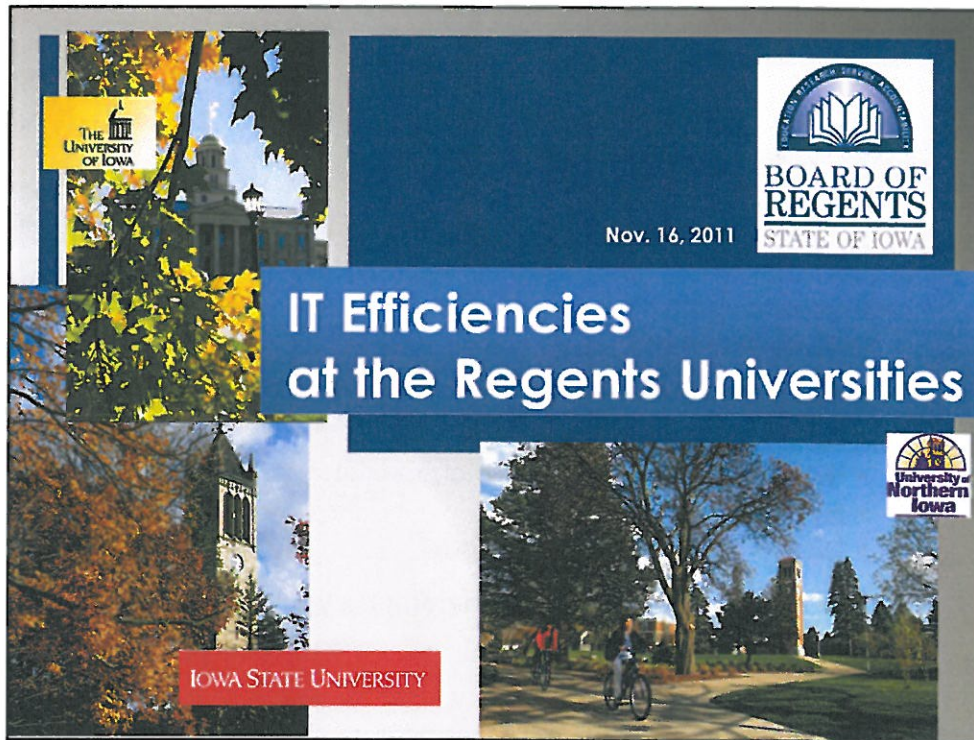
Good afternoon. Thank you for the opportunity to share some of the successes the Regents Universities have had in improving efficiency in the use of information technology on our campuses.

Prepared by:

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Presented by Steve Fleagle

IT at Regents Universities

- Most university activities are dependent on IT
- IT systems support a wide variety of activities and business processes
- IT is much more than e-mail
  - Computer classrooms and laboratories
  - High-performance computational research systems
  - Electronic medical records
  - Student courses, registration, grades
- Variety and integration lead to complex IT environments

Before I share the successes in efficiency, I thought it would be helpful for me to first describe what I mean by IT. IT at large universities is much more than just email.

IT extends broadly across the campuses. Most day-to-day campus activities involve the use of IT in some form. IT is strategically focused on enabling cutting-edge research and enhancing teaching and learning to promote student success. IT at the Regents Universities must support a wide variety of activities.

We support students in computer classrooms and online learning systems. We support high performance computational systems for research. We support performing arts auditoriums, athletic ticketing systems, and on campus hotels. We support complex payroll systems and power plants. We support clinical systems and electronic medical records.

In order to be efficient and effective, this wide variety of IT systems need to be tightly integrated with each other and with the activity they support. As you can see, the resulting IT environment is complex, not only because of the variety of systems, but because there is a mix of utility like functions alongside cutting edge technology.

The wide variety of funding sources, including federal grants and contracts, adds even more complexity. Many of these funding sources have tight restrictions on how they may be used.

State and Regents Collaborative Activities

- Information technology security meetings
- Software licensing review
- Collaborative purchasing
- Internet sharing agreement
- Advice on building IT communities

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ICN Iowa Communications Network
Sharing Iowa's Infinite Possibilities

The complexity of the IT environment creates a challenge for efficient collaboration outside of higher education. But we have been able to find opportunities for efficiencies with state agencies. For many years the information technology security staff from DAS and Regents universities have met quarterly to share policies and best practice information. They've also pursued projects of common interest such as the Cyber Risk Reduction project sponsored by Iowa Homeland Security and the Information Security Office.

In 2005, the ICN and the Regents universities entered into a joint agreement for purchasing and sharing Internet connectivity. This agreement has saved millions of dollars. In 2009, the state and Regents reviewed 149 technology vendors to identify opportunities for joint contracts or cost savings. Sometimes the benefits come in ways other than cost savings. In 2010, the Regents Universities met with state agency IT leaders to discuss how we've built IT communities that effectively collaborate on campus. We have continued to serve as consultants in this area.

These were all successful endeavors. However, sometimes we are unable to find costs savings with our ideas. During the review of technology vendors, the differences between educational pricing and government pricing proved to be a difficult obstacle to overcome. Additionally, Iowa State University and the state tried to find a way to share mainframe computing resources, but the requirements and environment were so different, that no savings could be found.

University IT Efficiencies

- Implementing IT systems to streamline processes for:
  - Student information
  - Finance and travel
  - Research administration
  - Human resources
- Reduce costs on behind-the-scenes IT operations by:
  - Consolidating data centers and virtualizing servers
  - Establishing joint software licensing agreements
  - Increasing efficiency of desktop management
  - BOREAS regional optical network
  - Working with peers and educational consortia

IT helps the universities be more efficient. This is visible in the integrated administrative IT systems developed to meet the unique business processes and cycles of a university. These systems have streamlined operations for research administration, student information, human resources, financials, purchasing, and travel. This integration results in reduced staff, reduced consumable expenses, more productive employees, and a collaborative culture between campus IT providers.

All three Regents universities have worked hard to make our "back room" operations more efficient. These are similar to utilities. They need to be broadly available, have very high reliability, and operate as cost effectively as possible. All the Regents universities have made progress in these areas including consolidating data centers, sharing or virtualizing servers, joint software licensing agreements, more efficient desktop management practices and the creation of the BOREAS regional optical network. The BOREAS network is the enabling technology that has allowed for the Internet Sharing Agreement that I mentioned earlier.

Lastly, all three universities work extensively with their peers and through higher education consortia on joint projects and purchasing efforts. Because our peers have very similar environments, there are many opportunities for mutually beneficial collaboration.

University of Northern Iowa

- **Catered to an exponential growth in IT needs without growth in staffing**
  - Example: The number of campus network data ports doubled in the past five years to 21,478
- **Outsourced select services**
  - Example: Outsourced email and collaboration tools to Google
- **Partnered with University of Iowa and Iowa State University**
  - Example: iFolio: a student e-portfolio system (UI)
  - Example: Offsiting of data backup servers (ISU)
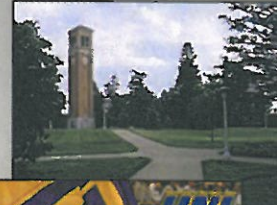
We've all witnessed the growth of technology in our daily lives. This growth in the use of technology is no different for universities. The University of Northern Iowa has recognized efficiencies in IT by accommodating the exponential growth of IT systems and services without increasing the number of staff. As an example, the number campus network data ports doubled in the last 5 years, yet no new staff have been added.

UNI has also outsourced select activities when it was more efficient to do so. An example of this is that email and collaboration tools are now provided by Google.

UNI has also entered into partnerships with both the University of Iowa and Iowa State University for some systems and services, including student electronic portfolios and offsite server backup. This allows them to leverage the activities at those universities and improve efficiency.

Iowa State recognized efficiencies through collaborative investments. For example, over 500 physical servers have been consolidated and virtualized. This provides savings in the equipment, staffing, licensing, and especially in the power and cooling needed for this large number of servers.
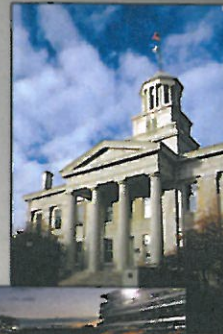
Through a unique collaborative shared ownership model, they provide over 2.5 petabytes of electronic storage for campus with much greater efficiency. This is enough capacity to store the printed material in the Library of Congress 250 times.

Similar to UNI, Iowa State met and continues to meet increasing demands for IT services while keeping staffing levels the same or in some areas actually reducing the number of staff.

Iowa State, as with UNI and Iowa, uses common software and tools and best practices to manage desktop computers. This has allowed more efficient management of personal computers at time when their growth has been dramatic. The efficiency of this approach allows IT support staff to improve their responsiveness without increasing staffing levels.

High performance computing is an important part of any large university's IT environment. At the University of Iowa, 20 research groups are now sharing a single large computational cluster instead of operating their own systems.

The individual researcher's systems operated at an average of 30% utilization. The shared system operates at a utilization level of over 70%. The power and cooling for the equipment is reduced more than 20%, and the staffing requirements were cut by 50%.

Another efficiency is the development of a central electronic identity system. This provides the single authoritative source for our faculty, staff and students, and allows each of them to have a single ID and password, that we call the HawkID. The efficiency those who use the IT systems is readily apparent, but there are also many efficiencies for IT providers in being able to control access to services.

Have you ever gone to meeting room and watched the presenter struggle with the projector? The University of Iowa has over 2,000 classes a day with a short 10 minutes between classes. So we need to make sure the equipment works to ensure that classes start on time and run smoothly. We now have consistent technology across our hundreds of classrooms. This enables efficiency because instructors know what to expect and IT support staff can take advantage of the technology standardization.
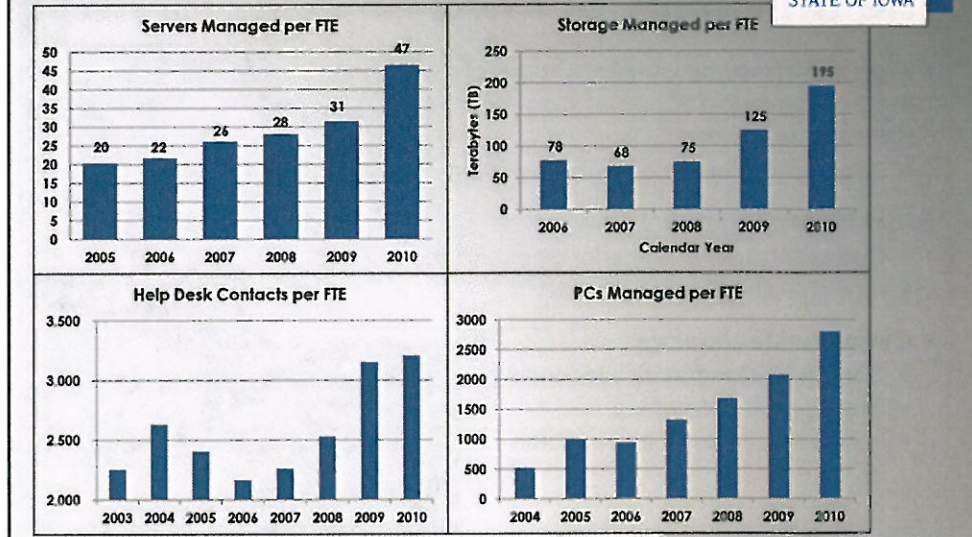
I think those are all great stories, but I'd also like to show you some data that demonstrates these gains in efficiency. I don't have time today to present all the data, and since I'm most familiar with the University of Iowa, I'm going to focus on that information. But I can tell you that if I were presenting data from ISU and UNI, you would find very similar trends.

The upper left chart shows the increase in productivity in server administrators. It shows that over the last 5 years they have more the doubled their productivity, from managing 20 servers per person to 47 per person.

The upper right chart shows the amount of storage our storage administrators manage. Again it shows a doubling of their productivity from 78 TBs to 195 TBs.

The lower left panel shows the number of contacts our help desk staff processes every year. The trend in this area is also for more productivity.

Finally, the lower right chart shows the number of personal computers our desktop support staff manages per person. They've seen more than a 6 fold improvement over the last 6 years. I wish I had more time to show you other examples, but I think this illustrates the great gains in efficiencies the Regents Universities have made year over year.

Peer Comparison

IT Peer Comparisons	UNI Rank	ISU Rank	UI Rank
ITS funding per faculty, staff and student	**2nd Most Efficient** of 9 Peers Reporting	**3rd Most Efficient** of 11 Peers Reporting	**2nd Most Efficient** of 8 Peers Reporting
Headcount supported per FTE ITS worker	**3rd Most Efficient** of 9 Peers Reporting	**2nd Most Efficient** of 11 Peers Reporting	**1st Most Efficient** of 8 Peers Reporting
Computers supported per FTE ITS worker	**3rd Most Efficient** of 9 Peers Reporting	**2nd Most Efficient** of 11 Peers Reporting	**1st Most Efficient** of 9 Peers Reporting

In addition to tracking trends of our own IT operations, we also compare ourselves to our peers. Educause, a higher education IT organization, collects information on IT at universities across the country. When compared to our peer groups, all three Regents universities are near the most efficient of those that reported data.

So we believe that we are both improving our efficiency year over year and also that we are among the most efficient IT providers when compared to our peers.
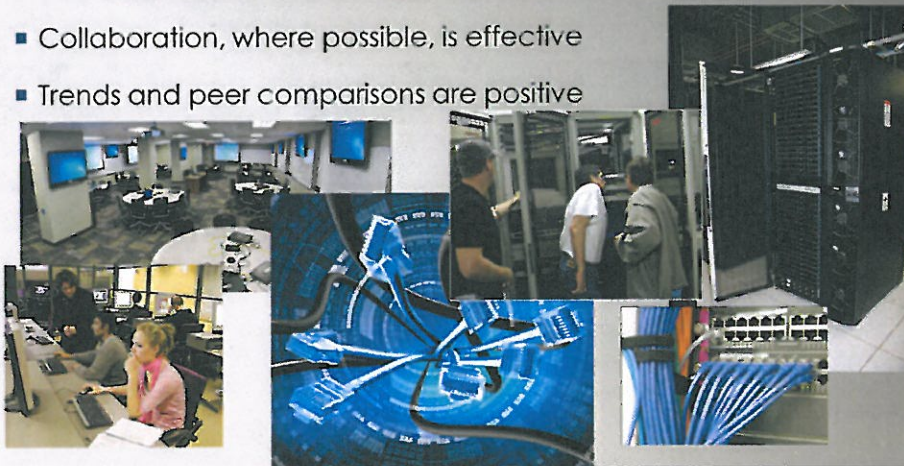
I hope I've been able to help demonstrate that the Regents University IT environments are complex and tightly integrated. All three universities have put an emphasis on collaboration and efficiency. We have some successful joint efforts with the state, but opportunities are few. Success has been more frequent with peers and higher education consortia. The metrics and stories I've shared today show that our efficiency efforts have been successful.