The goal of this Administrative Review for Strategic Procurement is to improve procurement efficiency and services and to identify procurement-related cost savings so they may be invested in teaching, research and public service.

- Administrative review final report, adopted March 2013
Strategic Procurement

What the Administrative Review team reported: 
Is it happening?

- Success will lead to a single, system-wide procurement function that acts strategically to support and not hinder the mission of the University System which:
  - Operates more efficiently. Less paper.
  - Reduces redundancy. Improves consistency.
  - Improves training, communication and user support.
  - Reduces costs. Generates savings.
  - Obtains the goods and services for less.

- As part of phase four Measure & Audit activities, Strategic Procurement measuring three areas:
  - Cost savings;
  - Non-fiscal performance; and,
  - Customer service.
Strategic Procurement

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  - Cost savings;
  - Non-fiscal performance; and,
  - Customer service.
Service Delivery Strategy

- Legacy fragmented structure

### Procurement Current Functional Structure

University Personnel Involved in Procurement Activity as of December 2012*

34.70 FTEs: FY2014 Estimated Cost ~$2.2mm

#### Key Procurement Activity

<table>
<thead>
<tr>
<th>Total University Resources</th>
<th>Positions</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>45</td>
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</tbody>
</table>

#### Procurement Card

<table>
<thead>
<tr>
<th>Total University Resources</th>
<th>Positions</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22</td>
<td>3.96</td>
</tr>
</tbody>
</table>

#### Travel & Expense

<table>
<thead>
<tr>
<th>Total University Resources</th>
<th>Positions</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21</td>
<td>4.35</td>
</tr>
</tbody>
</table>

#### Accounts Payable

<table>
<thead>
<tr>
<th>Total University Resources</th>
<th>Positions</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>28</td>
<td>13.66</td>
</tr>
</tbody>
</table>

#### Other

<table>
<thead>
<tr>
<th>Total University Resources</th>
<th>Positions</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>32</td>
<td>12.73</td>
</tr>
</tbody>
</table>

*Position and FTE data provided directly from the campuses in December 2012. Does not include procurement related activities for facilities capital construction, book stores, or computer stores.
Service Delivery Strategy

- New unified university service: It is happening.
Why the structure makes sense

Before

- Highly fragmented, silo approach to procurement initiatives and support.
- Limited enterprise-wide procurement initiatives and contracts.
- Limited interaction with State of Maine Procurement department
- Manual, paper-based process for Travel approvals and reimbursement
- High degree for paper handling for invoice processing

After

- Unified procurement support with significant campus presence
- Strategic Sourcing group driving multi-campus participation for procurement initiatives and contracts.
- Technology enhanced collaboration tools for communication, support and training.
- Focus on customer service and measurable cost savings
- Clear points of contact, responsibility, and accountability
It is happening

- Successfully recruited 21 of the 27 positions in the new Strategic Procurement Office. Remainder to be completed this fiscal year.
  - 90% to be located on a campus.
  - 76% filled with internal university procurement employees.

- Multi-campus transition teams supporting continuity and change
  - Ensuring service continuity.
  - Sharing of information and building knowledge base.
  - Creating a culture of collaboration.

- Utilizing web-based video conferencing tools (Google Hangout) to facilitate scheduled and ad hoc meetings and collaborations.

- Providing continuous improvements to communications
  - Enterprise-wide communication and training for procurement system upgrades
  - Improved web presence for internal and external customers including “feedback” link
  - Increasing unified processes and clear, consistent content
Three focus areas from Admin. Review

- **Structural changes**
  - Procurement of specific goods and services
  - Procurement card administration

- **Strategic Sourcing team** established. Facilitates procurement initiatives to provide cost savings and value systemwide. Most positions filled.

- **Administrative Practice Letters and other practices updated.** Changes reflect improved processes and customer feedback gathered during admin review.

- **Sourcing Process methodology established.** Features multi-campus collaboration and subject matter expertise to evaluate, review and select vendors and suppliers. Already in use in numerous initiatives: Travel, Pcard, Energy Consulting, Desktop Computing, & Residence Hall Washer/Dryers.

- **Sourcing Transition team in place and active.** Reviews current campus-based procurement initiatives, introduce the emerging Sourcing Methodology, and identifying new opportunities for multi-campus collaboration.

- **FTE personnel focused on Procurement will be reduced.** Strategic Procurement will have 27 FTE effective July 1, 2014, a reduction of approximately 20 percent from 34+ FTE from July 1, 2013.
Three focus areas from Admin. Review

- Structural changes
- **Procurement of specific goods and services**
- Procurement card administration
  - Multi-Campus Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Who’s Involved</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel and Expense</td>
<td>All Universities</td>
<td>Agreements in place, developing Implementation plan</td>
</tr>
<tr>
<td>IT Desktop/Laptop</td>
<td>All Universities</td>
<td>Recommendation being finalized</td>
</tr>
<tr>
<td>Energy Consulting</td>
<td>All Universities</td>
<td>Recommendation being finalized</td>
</tr>
<tr>
<td>Residence Hall Washer/Dryer</td>
<td>All University Dorms</td>
<td>RFP posted, responses due May first. Currently six separate contracts with same vendor</td>
</tr>
<tr>
<td>“Will Call” Facilities Services</td>
<td>USM</td>
<td>RFP in development, may be applicable to other campuses</td>
</tr>
<tr>
<td>Campus re-Key</td>
<td>USM, UMA</td>
<td>RFP Responses under review, contract will be available to other campuses</td>
</tr>
</tbody>
</table>

- **Expanded MaineStreet Market Vendors**
  - Lowes, Apple, Clean-O-Rama, NAPA Auto parts coming

- **Partnering with State of Maine**
  - Contracts for Fuel Card, Vehicle Purchasing, Electrical Supplies

- **Spend Analytics**
  - Developing spend analytics system of enterprise historic spend by category of goods and services. Analytics systems will be available in May.
Three focus areas from Admin. Review

- Structural changes
- Procurement of specific goods and services
- **Procurement card administration**

- Continued success migrating high dollar spend off of Pcard and onto the MaineStreet Market (MSM) eProcurement system with negotiated pricing and University contracts.
- Upgrade accomplished to current Pcard administrative System (PaymentNet4)
- New Pcard Administrator establishing enterprise standards, communication, training and support
- Reviewing Higher Ed Consortium contract to lower costs and expand product offerings (Travel Card). Expect to have new contract in placed in May.
- Updated Pcard Administrative Practice Letter (APL) to provide more flexibility for faculty use while maintaining cost controls.
The project follows the four phase management approach for administrative reviews:

I. Analyze and Evaluate; Initially completed during administrative review period. Approved by Trustees in March, 2013.

II. Design & Develop; Initially completed during administrative review period. Approved by Trustees in March, 2013.

III. Implement; In progress beginning in late FY13 and throughout FY14. Ongoing as described herein.

IV. Measure & Audit, and repeat: Now gearing up.
   - Publish monthly reports providing summaries of progress toward goals.
   - Customer satisfaction survey shortly to be released.
   - Feedback mechanism provided on Strategic Procurement website.
   - Third-party contracted to validate savings reporting methodology and results.
Bottom line and latest news

- How are things improving?
  - Transition to unified procurement support structure
  - Established enterprise Strategic Sourcing team with numerous multi-campus procurement initiative already in progress
  - Established partnership with State of Maine procurement department for collaborative initiatives as appropriate
  - Establishing technology tools for enterprise procurement collaboration, training and support
  - Eliminating manual, paper-based systems process throughout the procurement process
As recommended in the administrative review, the implementation is currently on target to save more than $3.5 million through FY16.

<table>
<thead>
<tr>
<th>Category</th>
<th>E&amp;G Gross Savings Estimate</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>FY14 Plan</td>
</tr>
<tr>
<td>Procurement of Specific Goods and Services</td>
<td></td>
</tr>
<tr>
<td>Travel and Expense</td>
<td></td>
</tr>
<tr>
<td>Sub-Total: Travel &amp; Expense</td>
<td>$13,285</td>
</tr>
<tr>
<td>Other Commodities and Services / Strategic Sourcing</td>
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<tr>
<td>Sub-Total: Other Commodities</td>
<td>$112,719</td>
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<tr>
<td>Procurement Card (Pcard) Administration</td>
<td></td>
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<tr>
<td>Sub-Total: Pcard Spend Reduction</td>
<td>$17,590</td>
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<tr>
<td>Structural Resources and Efficiencies</td>
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<tr>
<td>Payment Optimization</td>
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<tr>
<td>Sub-Total: Payment Optimization</td>
<td>$215,784</td>
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<tr>
<td>Organizational Structure *</td>
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<tr>
<td>Sub-Total: Structural Saving (FY2015 $)</td>
<td>$152,244</td>
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<tr>
<td>Total Gross E&amp;G Savings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$560,857</td>
</tr>
</tbody>
</table>

* FTE Count: Pre Admin Review: 34.3  New Organization: 27
Strategic Procurement

A recap:
Aspirations of the Administrative Review team are becoming reality.

- Success will lead to a single, system-wide procurement function that acts strategically to support and not hinder the University mission which:
  - Operates more efficiently. Less paper. - Yes. In progress.
  - Reduces redundancy. Improves consistency. - Yes. In progress.
  - Improves training, communication and user support. - Yes. In progress.
  - Reduces costs. Generates savings. – Yes. In progress.
  - Obtains the goods and services for less. - Yes. In progress.

- As part of phase four Measure & Audit activities, Strategic Procurement measuring three areas:
  - Cost savings; - Yes. In progress.
  - Non-fiscal performance; and, - Yes. In progress.
  - Customer service. - Yes. In progress.
What is next...

- FY15

Implementation of Electronic Travel and Expense System

  Elimination of paper Travel Expense Vouchers; creating consistent, enterprise-wide provider contracts (air, car, lodging) and best practices for travel expense management and reporting.

Procurement Progress Assessment and Reporting

  Establishing spend analytics and reporting capabilities through implementation of a spend analytics database; establishing savings reporting methods based on Higher Education and State of Maine best practices; and contracting for 3rd party review and assessment of savings reporting.

Eliminating Paper-Based Manual Processing

  Travel, Pcard and Accounts Payable.

Technology Enhanced Communications, Training and Support

  Unified support, consistent enterprise procurement policies, web-based training, Customer service support surveys.