

2010 BRINGING ADMINISTRATORS TOGETHER CONFERENCE

Using iBuy and Strategic Contracts to Reduce Costs

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Succeeding in Challenging Times

Presentation Outline

- Review strategic contracts and iBuy application goals
- Review benefits of utilizing iBuy and strategic contracts vis-à-vis Banner and P-Card
- Review plans for reintroducing iBuy and strategic contracts to UIC community
- Review current strategic contracts and demo relevant features of the iBuy application
- Receive feedback on how to increase iBuy usage

Strategic Contracts/iBuy Goals

- Provide departments with a broad choice of items and vendors and an easy means of ordering the items so that users don't have to use their valuable time searching for products and best pricing; i.e. Amazon.com
- Provide significant cost savings to departments through strategic contracts that have negotiated best pricing
- Provide departments with better functionality for tracking order status
- Provide Purchasing with the line item detail of how the University spends its money so such items can be included in iBuy
- Significantly reduce the total cost of ownership of acquiring good and services-your time and our time is valuable

Benefits of iBuy vs. Banner/P-Card

- Once more strategic contracts with good pricing are loaded in iBuy, the benefits to users will include:
 - Fewer requisition screens for departments to complete than in Banner (maximum of 2 vs. 9)
 - No Purchasing approval unless contract vendor over \$100,000 or non-catalog order over \$5,000
 - Faster turnaround times than Banner due to Purchasing staffing limitations
 - Fewer potential compliance problems than with a P-Card since there are no order logs and reconciliations required
 - Better pricing than through use of P-Card due to volume discounts
- The benefits to Purchasing include:
 - Freeing up staff time to work on larger projects that save UIC big \$'s vs. spending time processing low dollar transactions

Comparison of FY09 Spend on Materials & Supplies and Cycle Times for iBuy & Banner University-wide

BANNER	# PO's*	PO Amount
< \$5000	2,748	\$3,673,068.15
\$5,000 - \$19,999	943	\$9,267,210.68
\$20,000 - \$99,999	258	\$9,456,814.83
\$100,000 - \$499,999	30	\$5,021,926.84
\$500,000 & above	2	\$2,200,454.68
TOTAL	3,981	\$29,619,475.18

* The Banner PO figures are only for Materials & Supplies because iBuy only contains M&S PO's.

iBUY	# PO's	PO Amount
< \$5000	35,154	\$11,125,529.07
\$5,000 - \$19,999	379	\$3,465,001.53
\$20,000 - \$99,999	49	\$1,580,302.84
\$100,000 - \$499,999	13	\$3,086,750.09
\$500,000 & above	0	0
TOTAL	35,595	\$19,257,583.53

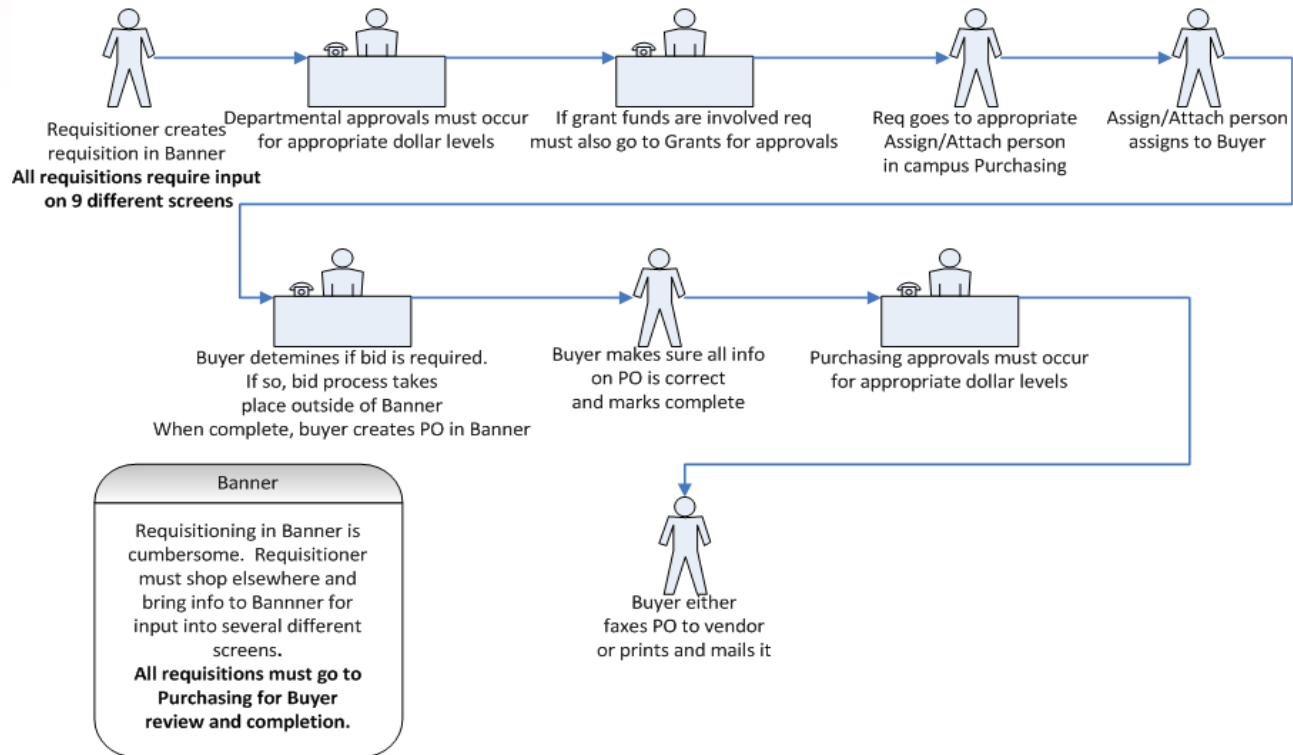
of days to process a single PO in Banner = **9 days 1 hr**

CONCLUSION:
Need to drive more low-dollar purchases into iBuy to free Procurement staff to work on high-dollar purchases where savings are significant

of days to process a single PO in iBuy = **8 hrs 52 minutes**

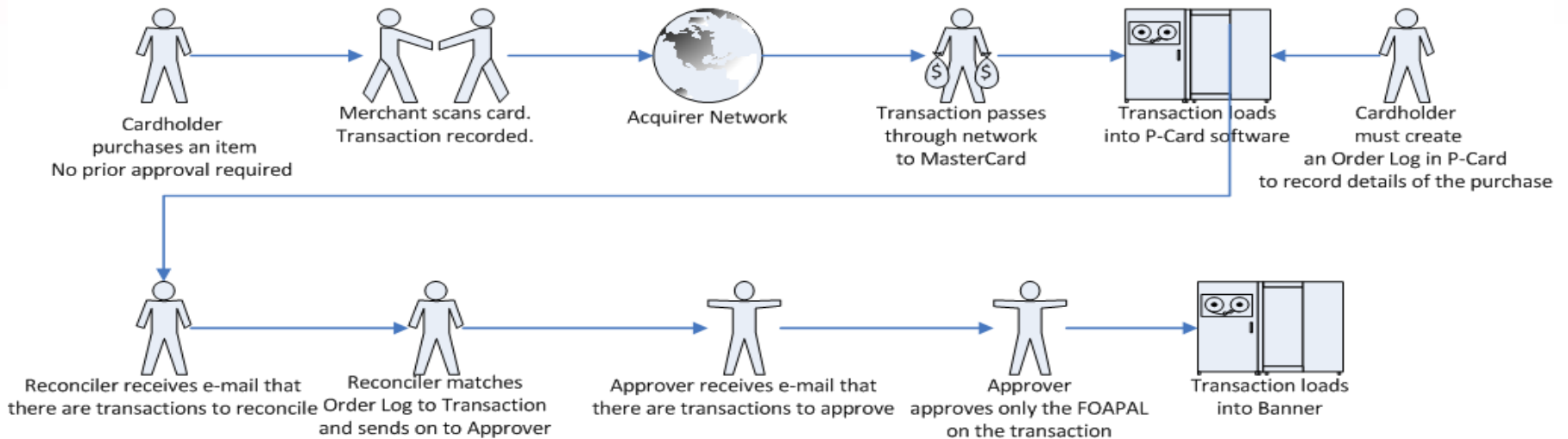
Procurement Overview – How Business is Done in Banner

Banner Requisition Flow and Approval Process



Procurement Overview – How Business is Done with the P-Card

P-Card Transaction Flow and Reconciliation/Approval Process

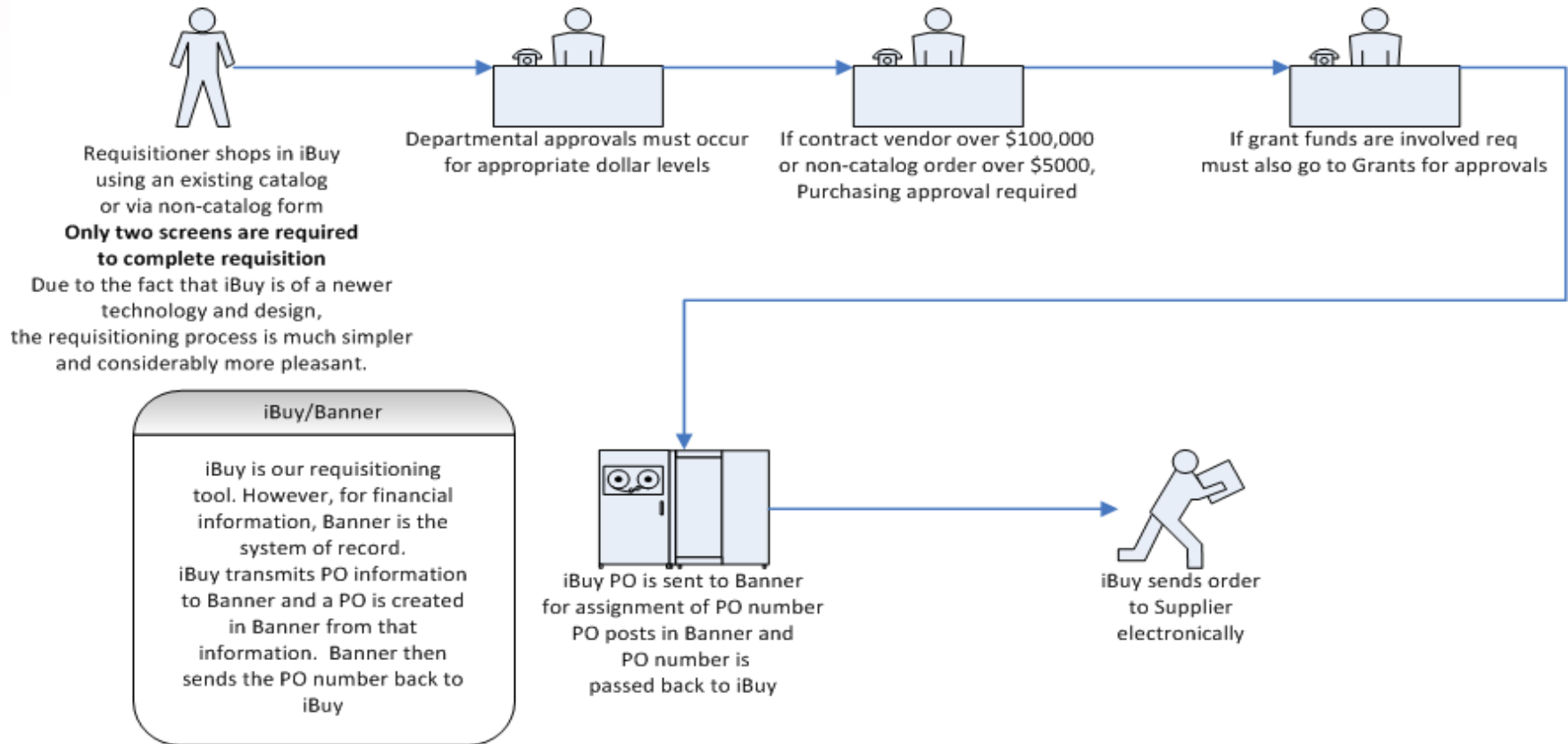


P-Card

Purchase is made without any prior approval. The only approval that occurs is validating the C-FOAPAL before the transaction is loaded to Banner. No control over off-contract spend.

Procurement Overview – How Business is Done in iBuy

iBuy Requisition Flow and Approval Process



Reintroducing iBuy to UIC

- Promoting iBuy and strategic contracts is one of three major themes of the University-wide Administrative Review and Restructuring Committee to reduce costs and work smarter. Making departments aware of iBuy and its capabilities in this context becomes a necessity
- Planning to survey iBuy user and non-user departments of one of our best priced contracts to understand why iBuy is or is not being used.
- Planning to use this information in developing a roll-out strategy for a major new office supply contract that will be available in July

Strategic Contract/iBuy Demo



Discussion/Questions

- Why are many departments not using iBuy?
- What changes are required for departments to want to use iBuy?
- What should we be doing to promote iBuy?
- Who should we be marketing iBuy to?
- What are the best arguments for using iBuy that will resonate with departments?

Thank You!

