

Efficiency and Transformation Review for Sourcing and Procurement

Exclusively Prepared for Board of Regents, State of Iowa
December 12, 2014



Submitted to:

Mark Braun
TIER Transformational Management Officer
Board of Regents, State of Iowa
Mobile: 515-281-3934
Email: mark-braun@uiowa.edu

Submitted by:

Derek Smith
Managing Director
Huron Consulting Group
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Mark Braun
TIER Transformational Management Officer
Board of Regents, State of Iowa
11260 Aurora Ave
Urbandale, IA 50322

Dear Mr. Braun:

Huron Consulting Group is pleased to respond to Board of Regents, State of Iowa (the Board) Request for Proposal (RFP) for the Efficiency and Transformation Review for Sourcing and Procurement. We are also eager demonstrate our capabilities to meet and exceed the requirements as laid out in this RFP.

We understand the importance of this project to the Board of Regents and the three Universities. While it represents a significant opportunity to achieve real and significant cost savings, leveraging spend across various categories and Iowa institutions, it is also an opportunity to assess procurement related policies, operations, organization and technology to maximize benefits and sustain long term value for the Iowa institutions.

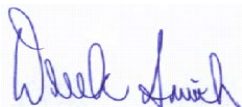
Our resources have extensive experience in all areas of procurement and strategic sourcing. We are the only consulting firm dedicated to procurement solutions / strategic sourcing in higher education. Huron has worked with more than 85 university clients on over 200 procurement-related projects. Our long track record of helping higher education institutions achieve substantial cost savings through strategic sourcing, improving organizational effectiveness for the procurement functions, and optimizing technology to support procurement processes allows us to provide immediate savings and other benefits, as well as to position your institutions for ongoing sustainable savings results. We are confident we can work with all constituents on the work scope and achieve success for the Iowa Board of Regents and the campuses.

Throughout many years of serving numerous higher education clients on procurement projects, we are always very flexible to align our scope and level of involvement with client needs and budgets, and we welcome the opportunity to engage in direct conversation with the Board to define a solution to help you maximize the success of this important initiative.

While our focus is primarily on working with higher education clients, which enables us to provide realistic, sustainable solutions in this environment, our perspective on best practices and the experience of our team members includes experience across several other industries.

On behalf of Huron, we very much appreciate the opportunity to provide this information in response to your RFP, and we hope we have the opportunity to work together. Should you have any questions or require additional clarification on any part of our proposal, please feel free to contact me at the phone number or email address below. We look forward to next steps as we work with you to maximize the value from this initiative.

Sincerely,



Derek Smith
Huron Consulting Group
Managing Director, Higher Education Procurement Solutions Practice Leader
Tel: 919-593-1476
Email: dsmith@huronconsultinggroup.com

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1. Basic Data on Bidder

a. Name, telephone number and address, including email of Bidder.

Huron Consulting Services
550 W Van Buren Street
Chicago, IL 60607
(919) 593 - 1476
dsmith@huronconsultinggroup.com

b. Name and title of individual authorized to bind the Bidder and submit the proposal.

Derek Smith
Managing Director

c. Name e-mail address and telephone number of person the Board may contact during the proposal evaluation process.

Derek Smith
dsmith@huronconsultinggroup.com
(919) 593 - 1476

d. Form of business - e.g. sole proprietorship, partnership, corporation, Not-for Profit organization. If a non-Iowa corporation, indicate state of incorporation.

Headquartered in Illinois, Huron Consulting Group is a global corporation. Our state of incorporation is Delaware.

e. Whether the business is owned or controlled by a parent corporation. If yes, provide the name and address of the parent corporation, nearest offices and managing office where the project staff assigned to this project will be located.

Huron Consulting Group Inc. is the publicly traded holding company of Huron Consulting Services LLC. Huron Consulting Services is a wholly owned subsidiary of Huron Consulting Group and is the operating company which provides consulting services to the marketplace.

f. Whether the Bidder is a small business or certified targeted small business as defined in Iowa Code (2011) section 15.102.

Does not apply.

2. Executive Summary

This part of the response to the RFP should be limited to a brief narrative highlighting bidder's proposal. The summary should contain as little technical jargon as possible and should be oriented toward non-technical personnel. The summary should describe the following:

- a. Bidder's understanding of University's needs.
- b. Scope of services being proposed.
- c. Qualifications and Experience in sourcing and procurement in higher education.
- d. Brief List and Description of Similar Projects Completed (client, scope and duration of assessment, outcome, and client contact name).
- e. High Level Project Execution Plan. This part of the response to the RFP should be limited to a brief narrative highlighting the bidder's proposal. The summary should contain as little technical jargon as possible and should be oriented toward non-technical personnel. The summary should describe the following:

Our Understanding of University's Needs

We understand the Board's objectives in continuing the refinement and implementation of the Board's Sourcing and Procurement Business Case that was provided by Deloitte Consulting. While this business case provides a foundation for this project, the Board is seeking a consulting partner that will analyze and provide recommendations related to procurement policies, operations, staffing and technology, and analyze and validate cost savings opportunities leveraging benchmarks and stakeholder input across institutional campuses and the Board to develop a comprehensive action plan.

Huron is prepared to assist the Board in assessing and validating this business case while developing a strategic action plan that can be implemented to drive realization of savings and other benefits by:

- Assessing the functional elements of the procurement and strategic sourcing processes and defining future state recommendations based on current policies, operational processes, utilized technologies, and organizational structure and roles;
- analyzing and validating the existing business case, contracts, benchmarks and other relevant data to provide detailed sourcing strategies and financial benefits through supplier consolidation, improved pricing and contract structures, demand management, strategic purchasing, and other factors to identify and realize cost savings; and
- developing communication and implementation plan to drive savings and effectively measure benefits.

Scope of Services Proposed

Huron will employ our results focused, collaborative methodologies to meet the Board's objectives outlined in the RFP. We will execute this project in two inter-connected work streams.

- Work Stream A, Procurement Functional Assessment, will focus on procurement policy, operations, staffing and technology improvements and development of actionable recommendations to streamline the sourcing process and increase cost effectiveness;
- Work Stream B, the Strategic Sourcing Validation, Strategies and Action Planning will focus on developing strategic sourcing savings opportunities across seven (7) key category areas. In addition, Huron will provide high level observations and recommendations based on data analysis and stakeholder interviews for three (3) additional spend categories.

Both work streams will detail communications, actions and measurements required to optimize the effectiveness of the initiative.

Future projects (Work Stream C, Implementation of Strategies and Actions) will focus on realizing the savings and other benefits through a collaborative process executed by Huron, the campuses, and the Board to execute on the strategies identified and accepted from the initial project.

We have provided the detailed steps of each work stream in the Methodology section of this response.

Qualifications and Experience

Huron Consulting Group has been in the business of providing consulting services specifically for higher education institutions since its inception in 2002. Due to this industry focus, we understand procurement, not just in a broad sense, but how these functions operate within the unique culture of academia and research. This industry knowledge also provides us with insight into how processes and organizations evolve over time and can become inefficient and how the associated costs can increase. This perspective and singular industry focus is why our solutions are not only practical, but sustainable. Our assessments and recommendations are always developed with the ultimate goal of implementation in mind and the mitigation of the challenges that come with introducing change to a complex academic organization. Our team's focus on performance improvement provides institutions with comprehensive strategic, operational, and technology solutions that enable our clients to succeed and thrive in this new era of change.

Though we have a team of resources with procurement expertise dedicated to higher education, the experience of our personnel is not limited to this industry. Our professionals come from multiple industries to bring best practices from various sectors to our higher education clients. Huron leverages this internal expertise across our Procurement Solutions team to collaboratively generate fresh ideas, infuse best practices, and recommend solutions that are best suited to your unique processes and culture.

Similar Projects Performed

Our higher education procurement solutions team has worked with over 85 higher education institutions on more than 200 procurement-related projects. In addition to our provided project references, our Procurement Solutions team has worked with the following higher education institutions on similar projects. We are happy to share additional client success examples if desired by the Board.

Client examples of similar projects performed:

Duke University – Strategic Sourcing Business Case Development and Implementation

Drexel University – Procurement Assessment, Strategic Sourcing and eProcurement Implementation

Emory University – Procurement Assessment and Strategic Sourcing Implementation

Florida State University – Strategic Sourcing Implementation and Program Development

New York University – Procurement and Strategic Sourcing Assessment and Strategic Sourcing Implementation

Oklahoma State University – eProcurement Planning, Strategic Sourcing Business Case Development and Implementation

University of Oklahoma – Strategic Sourcing Business Case Development and Implementation

Princeton University – Procure-to-Pay, Strategic Sourcing and Travel Assessment and Implementation

Purdue University – Procurement Assessment and Strategic Sourcing Implementation

Rutgers University – Procurement Assessment and Strategic Sourcing Opportunity Assessment

University of Colorado – Procurement Assessment, eProcurement Technology Implementation and Strategic Sourcing

University of Florida – Strategic Sourcing and eProcurement Implementation

University of Maine System – Procurement Assessment and Sourcing Diagnostic

University of Miami – Procurement Assessment, Organization Redesign and Strategic Sourcing Implementation

Wayne State University – Procure-to-Pay, Strategic Sourcing and Travel Assessment and Implementation

Detailed client examples of similar project performed:

University of Kansas - Huron was engaged to conduct an assessment to identify cost savings and efficiency improvement opportunities associated with strategic sourcing, procure to pay process and technology utilization, and construction associated spend and audit activities. We developed detailed business cases for six targeted strategic sourcing commodity areas, and a future state procure-to-pay design with focus on organizational transformation, processes re-design, and procurement technology optimization. Huron implemented the recommended strategies across the six sourcing initiatives, resulting in nearly \$4.4M in first year savings. We also developed a strategic sourcing roadmap for ongoing savings pursuits and led the reorganization of the procurement and payables department structure and roles and responsibilities definition as well as the

reimplementation, deployment, and change management efforts for the eProcurement solution and revised business processes and policies.

University of Pittsburgh – Huron started with an initial assessment that identified opportunities to improve organizational alignment, improve utilization of existing procurement technologies, and opportunities for strategic sourcing savings. The University quickly executed on the organizational changes to restructure roles within the Procurement organization and to improve coordination with Accounts Payable. The University also moved quickly to modify their eProcurement solution and redeployed to campus users. Huron led strategic sourcing efforts across scientific supplies and IT categories, resulting in first year savings of approximately \$3.1M. Huron also provided strategic sourcing training and hands-on guidance to the newly created Strategic Sourcing team to allow them to continue sourcing efforts as part of ongoing operations.

High Level Execution Plan

Huron anticipates completing this initial project within thirteen (13) weeks from the start of the project. The timeline included below summarizes our key tasks necessary for the scope of services. Additionally, milestones (★) have been plotted to ensure the Board has ongoing updates. The steps and timeline below provide an overview for our recommended order of activities.

	February				March				April				
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13
Strategic Sourcing Functional Assessment (Policy, Operations, Staffing and Technology)													
Gather Information	█												
Current State Assessment		█			★								
Best Practices Identification			█										
Develop Recommendations			█										
Strategy and Implementation Roadmap			█				★						
Prepare and Present Final Deliverables							█						
Acceptance of Final Deliverable								█	★				
Strategic Sourcing Savings Validation, Strategies and Action Plan													
Gather Information	█												
Analyze Data	█												
Develop Measurable Benefits and Business Case			█			█					★		
Develop Strategy and Action Plan										█			★
Develop Communications Plan and Measurements										█			
Prepare and Present Final Deliverables												█	
Acceptance of Final Deliverable													█
													★

3. Company Background

a. How long the company has been in business.

Huron Consulting Group (NASDAQ:HURN) is a leading provider of business consulting services. The Company was founded in 2002 with about 200 people and has grown to over 2,800 employees today. Our people come from industry, academia, healthcare, government and other consulting firms. We have been providing the specific services requested in this solicitation for more than 10 years.

b. A brief description of the company size and organizational structure.

Huron's leadership team is made up of the following individuals:

- James H. Roth, Chief Executive Officer and President
- C. Mark Hussey, Executive Vice President, Chief Financial Officer and Treasurer
- Diane E. Ratekin, Executive Vice President, General Counsel and Corporate Secretary
- Shahzad Bashir, Executive Vice President, Huron Legal
- Gordon Mountford, Executive Vice President, Huron Healthcare
- Laura Yaeger, Executive Vice President, Huron Education and Huron Life Sciences

Huron Consulting Group (NASDAQ:HURN) is a leading provider of business consulting services. The Company was founded in 2002 with about 200 people and it has grown to more than 2,800 today. Our people come from industry, academia, healthcare, and other consulting firms. Huron's results reflect a portfolio of service offerings focused on helping clients address complex business challenges. The Company has four operating segments as follows: Healthcare, Legal, Education and Life Sciences, and Business Advisory, representing 50%, 25%, 21% and 4% of full year 2013 total revenues, respectively. Huron Consulting Group Inc. is the parent company of Huron Consulting Services LLC, the operating company offering services related to this engagement. Huron Consulting Services LLC, who is responding to this RFP, is 100% owned by Huron Consulting Group, Inc. whose ownership information, is available in our SEC filings, including our original prospectus for the public offering.

c. How long the company has been working with 1) higher education clients; 2) government clients; 3) commercial clients performing similar services.

Since inception in 2002, Huron Consulting Group has gained experience working with higher education, government and commercial clients.

d. Recent annual financial report or bank references for evaluation of financial capability to satisfactorily complete the requirements of this RFP.

As a private limited liability company subsidiary of a public company, Huron Consulting Services LLC does not have its own audited financial statements. However, consolidated financial information regarding the company is available in Huron Consulting Group, Inc.'s filings with the Securities and Exchange Commission available in the Investor Relations section of our website or on the SEC's EDGAR website. Additionally, you may run a Dun and Bradstreet search on us utilizing the following DUNS number: 11-136-7897. Also, please see our bank reference below.

Bank of America
135 S. LaSalle St., Suite 1141
Chicago, IL 60603
Attn: Terrence Ward, Vice President
P: 312.992.9945
F: 312.904.0409

4. Qualifications and Experience

a. Additional information deemed pertinent to 2c above.

About Huron Education

Huron's education practice is dedicated to the higher education industry. Our large team of professionals brings extensive knowledge and experience focused on the business of higher education and academic medical centers. We deliver the most comprehensive services to the industry and partner with institutions to improve business performance across the enterprise. We work with public and private research universities, academic medical centers and independent research foundations of all sizes in virtually every core business function. Our team's focus on performance improvement provides institutions with comprehensive strategic, operational, and technology solutions that enable our clients to succeed and thrive in this new era of change.

Our focus on execution enables institutions to plan more effectively and increase their ability to leverage opportunities and manage risks. We have worked with more than 90 of the nation's top 100 research universities continue their traditions of extraordinary achievement and our clients consistently achieve market-leading levels of financial and operational performance.

Our teams are led by professionals with an average of more than 25 years of experience. We work side-by-side with our clients to implement solutions and partner with leaders and stakeholders to develop strategies and actionable plans to improve performance at the institutional, school, and department level. We deliver solutions that span all functional areas including human resources, finance and accounting, procurement, facilities, information technology, research administration, student administration, auxiliary enterprises, among others.

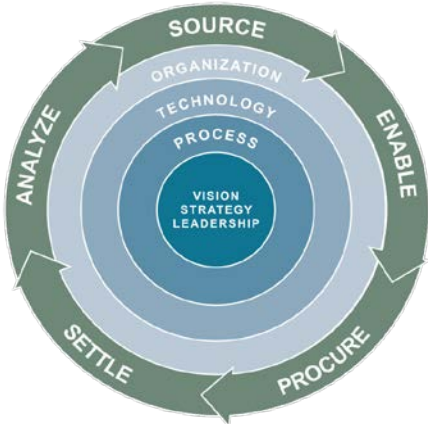
Huron's industry focus allows us to provide highly skilled and experienced resources to each project. Our personnel maintain active roles in the higher education community by participating as members and subject matter experts in industry organizations including NACUBO, EDUCAUSE, NCURA, SRA, HEUG, NAEP, SCTEM, NACCA and NECA. We regularly attend conferences, present and participate in industry-focused committees. We remain up-to-date on current issues and trends relevant to our clients while sharing our experiences with our client community.

About Huron Higher Education Procurement Solutions

Huron is the leading provider of procurement solutions consulting in the higher education industry. We have helped more than 85 higher education institutions achieve savings and improve operating efficiencies on over 200 procurement-related projects. Our dedicated team is experienced and understands the unique aspects of procurement in higher education and academic medical and research institutions. We offer a broad array of services focused on all aspects of the procurement, payables, and travel and expense management functions, including strategic procurement transformation and planning, spend analysis and strategic sourcing, procurement technologies selection, implementation and optimization, and travel and expense management.

Strategic Procurement Transformation and Planning

Procurement departments that are strategically focused and operating at the upper end of preferred practices have become a significant source of strategic funding, operational improvements, and improved compliance and customer service for institutions. We help our clients understand the strategic importance of procurement, recognize their opportunities for improvement, and create tailored implementation plans that yield savings and operational efficiencies. Huron has created a procurement assessment and planning methodology tailored to higher education and academic research. We spend a concentrated amount of time working with university procurement departments, their customers, and their executive sponsors to understand the objectives and unique



aspects of their environment. Our approach begins with an institution-wide current state assessment of strategies, processes, organization, and utilization of technology across the procurement and payables functions. The result of this strategic procurement planning exercise is a defined future state vision and specific actionable recommendations to achieve this vision.

Spend Analysis and Strategic Sourcing

Huron has helped numerous higher education clients achieve millions of dollars in recurring annual savings. On average, across a wide range of spend areas, we have returned 10 to 15% savings on every dollar of in-scope spend, with a significant return on our client's investment in our services. We help clients achieve these results through rigorous data analysis that enhances purchasing and negotiating power. One of the primary objectives of strategic sourcing is to improve the price component of purchased goods and services, without compromising service levels or product quality, with a focus on total cost reduction, to include demand management and other opportunities. We work with our clients to help them understand how to combine a deep understanding of their internal spend data with market data to achieve substantial dividends in reduced pricing and other benefits and efficiencies, while creating mutually beneficial relationships with suppliers. We work side-by-side with the client team throughout the entire sourcing process, from initial analysis to implementation of new supplier agreements, to obtain the desired results in a compressed timeframe. Huron also provides a comprehensive training and knowledge transfer program to allow our clients to continue their strategic sourcing efforts as a part of their ongoing operations.

Our results from recent strategic sourcing projects have generated significant immediate and ongoing return on investment in the forms of cost savings, revenue enhancement, improved supplier relationships, overall end user satisfaction, etc. Examples of these projects are shown below:

The Realized Benefits from a Sample of Our Recent Strategic Sourcing Projects

	University A	University B	University C	University D
Sourcing Commodity Areas	2: Office Related Products (ORP); Desktops/Laptops	3: Scientific Distributors; Scientific Niche Suppliers; Desktops/Laptops	6: ORP; Desktops/Laptops; Scientific Supply Distributor; MRO; MFD; IT Distributor	4: Desktops/Laptops; Scientific Supply Distributor; Multifunctional Devices; Shipping and Logistics
Sourcing Category Spend	\$6,700K	\$35,055K	\$18,080K	\$32,826K
1st Year Total Benefits	\$1,586K	\$3,141K	\$4,382K	\$2,814K
Components of 1st Year Benefits	Upfront Incentive: \$850K Annual Rebate: \$147K Annual Savings: \$589K	Upfront Incentive: \$250K Annual Rebate: \$NA Annual Savings: \$2,891K	Upfront Incentive: \$2,700K Annual Rebate: \$434K Annual Savings: \$1,005K	Upfront Incentive: \$1,000K Annual Rebate: \$NA Annual Savings: \$1,814K
Huron Fees (including expenses)	\$150K	\$325K	\$506K	\$225K
1st Year ROI (Tangible)	11 to 1	10 to 1	9 to 1	12 to 1
5-Year Total Benefits and ROI (Tangible)	\$4,530K 30 to 1	\$11,815K 36 to 1	\$9,895K 20 to 1	\$8,670K 39 to 1
Improved Supplier Relationships Knowledge Transfer Clearer Understanding of University Spend Improved Business Processes Purchasing and Stakeholder Collaboration Supplier Consolidation Increased Purchasing and End Users Satisfaction Intangible Benefits				

b. A list of personnel to be assigned to this RFP, their functions in the project, length of tenure, and a detailed resume of each

The proposed Huron professionals have an extensive history and successful track record in partnering with numerous universities on a variety of procurement and strategic sourcing initiatives. The team also brings significant knowledge from experience working in other industries.

Resumes of proposed team members can be found in Appendix A. In addition to the specific team members listed below, Huron will leverage other subject matter knowledge, sourcing and analytical support from our Procurement team as needed to best support the objectives of the project.

Lastly, we have assigned an Engagement Advisor who will provide high-level perspective to the Huron project team and the Board. Our Executive Advisors are seasoned higher education leaders with deep experience working with universities, academic medical centers, and non-profit institutions to improve administrative processes and operations.

HURON TEAM MEMBER	HURON TENURE	PROFESSIONAL EXPERIENCE & QUALIFICATIONS
ENGAGEMENT LEADER: DEREK SMITH MANAGING DIRECTOR	11 YEARS	Derek will provide guidance and have overall responsibility for the engagement. Derek leads Huron's higher education procurement solutions team and has more than 20 years of consulting and project management experience in procurement implementation, process improvement, and strategic sourcing. His experience includes work in higher education, public sector, financial services, healthcare, and energy industries.
ENGAGEMENT ADVISOR SHANDY HUSMANN MANAGING DIRECTOR	12 YEARS	Shandy has more than 17 years of experience assisting educational institutions, healthcare organizations, and non-profit research institutes in areas of research administration, cost accounting, finance, compliance issues related to federally funded programs, operational efficiency, strategic planning, financial modeling, and other administrative, organizational, and financial challenges. During his career, which includes five years at Vanderbilt University, he has been involved in numerous consulting engagements for a variety of organizations.
PROJECT MANAGER: KELLI FAGER DIRECTOR	4 YEARS	Kelli has more than ten years of consulting and industry experience related to eProcurement project management, procurement process assessment, supplier enablement, and procurement outsourcing. She has conducted procurement assessments of purchase-to-pay processes, policies, technology, organization and strategic sourcing and developed and prioritized recommendations for each segment.
SOURCING LEADER: SNOW RUTKOWSKIE MANAGER	7 YEARS	Snow focuses on strategic sourcing and procurement solutions projects and has extensive experience with project management, sourcing strategy development and guidance, and savings implementation support in various commodity areas including office related products, IT hardware and peripherals, scientific supplies, maintenance and custodial supplies, office equipment, and travel management.
ASSESSMENT LEADER: PATRICK CHAN MANAGER	4 YEARS	Patrick has more than eight years of management consulting experience related to eProcurement solution implementation, procurement process assessment and design, strategic sourcing, supplier enablement, and project management.

SOURCING SUPPORT: TBD ASSOCIATE	TBD	Huron Associates typically have 3 to 5 years of experience in strategic sourcing, data analysis, benchmarking, implementation, and skill-based training for clients within higher education and other industry groups
SOURCING ANALYSIS: TBD ANALYST	TBD	Huron Analysts typically have 1 to 3 years of experience within the higher education preparing detailed business cases, data segmentation, as well as supporting category benchmarking analysis.

c. Information concerning terminations, litigation and debarment. Bidder shall provide answers to the following questions:

i. During the last five (5) years, has the Bidder had a contract for services terminated for any reason? If so, provide full details related to the termination.

No.

ii. During the last five (5) years, describe any order, judgment or decree of any Federal or State authority barring, suspending, or otherwise limiting the right of the Bidder to engage in any business, practice, or activity.

Huron is not party to any material litigation which would affect its performance under this agreement. Details regarding all pending litigation can be found in our 10-K filing with the Securities and Exchange Commission which can be found on our website under the Investor Relations page. Information on resolved material proceedings can be found in the 10-Q.

iii. During the last five (5) years, list and summarize pending or threatened litigation, administrative or regulatory proceedings, or similar matters that could affect the ability of the Bidder to perform the required services. The Bidder must also state whether it or any owners, officers, or primary partners have ever been convicted of a felony. Failure to disclose these matters may result in rejection of the bid proposal or in termination of any subsequent contract. This is a continuing disclosure requirement. Any such matter commencing after submission of a bid proposal, and with respect to the successful Bidder after the execution of a contract, must be disclosed in a timely manner in a written statement to the Board.

Huron is not party to any litigation which would adversely affect its ability to perform under this agreement. Details regarding all pending litigation can be found in our 10-K filing with the Securities and Exchange Commission which is located on our website under the [Investor Relations](#) page. This includes all principals and any of the firm's employees that would be assigned to work on the proposed project that have been convicted of or plead nolo contendere to crimes.

iv. During the last five (5) years, have any irregularities been discovered in any of the accounts maintained by the Bidder on behalf of others? If so, describe the circumstances of irregularities

No.

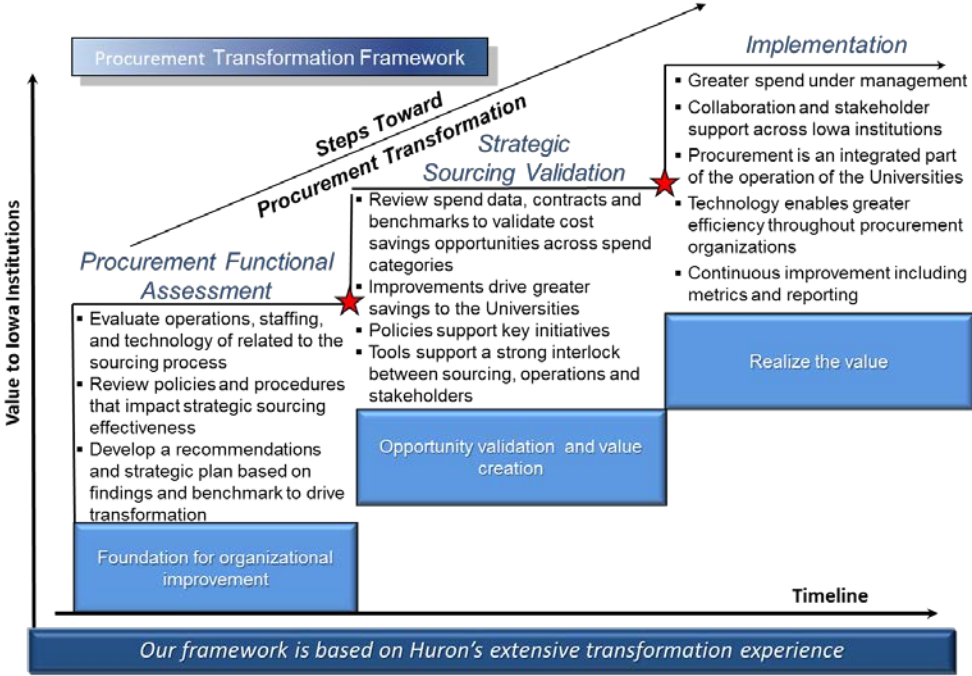
5. Statement of Scope

A clear statement of scope is required from each bidder that demonstrates their understanding of this project and how their past engagements provide them with the insight/skills/tools needed to complete this work.

Huron Consulting Group confirms our ability to perform the project scope outlined in section B of the Board's Request for Proposal, Efficiency and Transformation Review for Sourcing and Procurement. We understand the Board's objectives in continuing the refinement and implementation of the Board's Sourcing and Procurement Business Case that was provided by Deloitte Consulting. We are the leading provider of procurement solutions consulting in the higher education industry. Our vast experience performing procurement functional assessments, strategic sourcing savings validations and implementing procurement initiatives at more than 85 higher education institutions to achieve savings and improve operating efficiencies on over 200 procurement-related projects demonstrates our focus and commitment to our higher education clients. We will leverage this experience to assist the Board in implementing this project by:

- Assessing policies, procedures and regulations, policies governing purchasing authority, controls, and operational processes relating to the procurement and strategic sourcing functions;
- Assessing the procurement and strategic sourcing organization structure, including roles and responsibilities;
- Assessing technology improvement opportunities for procurement and strategic sourcing related functions;
- Validating and recalibrating the current strategic sourcing business case through additional analysis and stakeholder discussion for seven (7) primary spend categories; providing additional high level review and guidance on three (3) additional category areas;
- Estimating actionable and measurable savings opportunities;
- Analyzing and refining data to identify actionable strategies for savings and other opportunities;
- Developing the action plan for implementing the proposed functional and strategic sourcing opportunities;
- Developing communication plans, measurements and reporting to capture the benefits; and
- Supporting implementation of strategies and actions (as defined in future project scope)

We have developed a recommended business transformation framework (shown below) for the Board that drives the achievement of your procurement goals and objectives.



6. Methodology

a. Design/Solution Development and Implementation Plans

Huron's methodology focuses on stakeholder buy-in throughout the process to jointly determine scope, analysis development and validation, jointly determining action plans, and involving stakeholders in the implementation of approved action plans to ensure consensus of achieved results.

This promotes a methodology which is a scalable and flexible approach for assessing transformative change. This methodology is supported by Huron's extensive higher education industry experience and subject matter knowledge in procurement functions and operations. Our functional assessment methodology will provide a structured approach to evaluate the procurement organizations' structure and staffing, procurement policy, operations and processes, and technology utilization. Our strategic sourcing methodology is a rigorous and methodical approach to reducing the total delivered costs of purchased goods and services while maintaining or improving quality and service.

To meet the Board's objectives outlined in the RFP, we will execute this project in two inter-connected work streams. Work Stream A, Procurement Functional Assessment, will focus on procurement policy, operations, staffing and technology improvements and development of actionable recommendations to streamline the sourcing process and increase cost effectiveness; Work Stream B, the Strategic Sourcing Validation, Strategies and Action Planning will focus on developing strategic sourcing savings opportunities across seven (7) key category areas. In addition, Huron will provide high level observations and recommendations based on data analysis and stakeholder interviews for three (3) additional spend categories

Both work streams will detail communications, actions and measurements required to optimize the effectiveness of the initiative.

Future projects (Work Stream C, Implementation of Strategies and Actions) will focus on realizing the value through a collaborative process executed by Huron, the campuses, and the Board to execute on the strategies identified and accepted from the initial project.

Huron will utilize the following project methodologies for the work streams defined below:

Procurement Functional Assessment (Policy, Operations, Staffing and Technology) – Work Stream A



Huron's methodology for the Procurement Functional Assessment is comprised of distinct work streams that support clearly defined objectives and manage logical work steps throughout the project. We anticipate approaching this portion of the engagement with five major tasks including gathering information, assessing the current state, identifying best practices, developing recommendations, and presenting recommendations and an implementation roadmap over a period of six weeks. Our timeline may need to be adjusted based upon the availability of key participants in this process, timely access to data and prompt resolution of issues that may arise during the course of the engagement.

We will conduct this assessment leveraging information gathered and reflected in the Deloitte Consulting report to determine the current state of Iowa's procurement and sourcing organizations, including procurement policies, organizational staffing and structure, and procurement and sourcing operational processes and technology. We will also provide a comparison to best practices in other higher education institutions and from other industries, and develop specific actionable recommendations supported by analysis which back greater efficacy and sustainability across the included Iowa institutions. Finally, we will provide a roadmap for implementing each component of the strategy and transformation.

Throughout the project, we will verify our findings and recommendations with designated Board members and Procurement leadership. The following section contains detailed information on the specific tasks and deliverables of our proposed project approach.

Task 1: Gather Information



Prior to the initiation of the engagement, the Huron project team will provide the Board and/or their designee with detailed data requests and desired interviews, and will work with the Board to identify and schedule appropriate individuals for the interview process. This upfront effort will allow our project team to effectively begin our assessment on day one onsite. Additionally, we will review the project approach and any additional considerations that may impact our intended approach. We will also finalize any remaining data requests at this time.

Key activities performed during this part of the project include:

- Conducting interviews with Procurement leads, stakeholders and campus customers identified during project mobilization;
- Reviewing and assessing policies, procedures and regulations, policies governing purchasing authority, controls, and operational processes relating to strategic sourcing function;
- Understanding key changes and constraints faced by Iowa institutions and the Board;
- Reviewing current Procurement organization structure, including roles and responsibilities; and
- Assessing how technology is utilized for procurement and sourcing-related functions.

Task 2: Current-State Assessment



An effective functional assessment begins with a fundamental understanding of the current-state operating environment. During this activity, we will review current strategies, operations, policies and processes, technologies and organizational resources related to procurement and strategic sourcing. As a part of the current state assessment, Huron will assess the current organizational structure and roles and responsibilities as well as understand procurement-related functions outside of the central procurement organization. Huron will also evaluate participating Iowa institutions procurement policies to validate and ensure alignment and clarity across procurement functions. Additionally, Huron will interview key campus constituents as well as internal finance and administration resources, IT resources and any other key stakeholders to provide a comprehensive review. We will also analyze the data collected as part of the Deloitte Consulting engagement and develop key findings and supporting observations based on our supplemental interviews and collected data.

Key activities performed during this portion of the project include assessing:

- current procurement and sourcing organization and structure versus leading practices for higher education;
- current procurement policies and processes versus leading practices for higher education;
- technology solutions leveraged in the procurement and sourcing processes;
- strategic sourcing methods and tools; and
- potential optimization opportunities for procurement and sourcing strategies.

Task 3: Best Practices Identification



From performing similar engagements for numerous higher education institutions, Huron has a clear understanding of current best practices used by universities with leading procurement operations, as well as current best practices across other industries. Huron's procurement knowledge, combined with the latest industry research, extensive experiences with other universities, and comparison of leading practices will be incorporated into our recommendations and action plans related to the challenges across Iowa institutions and the Board.

Key activities performed during this part of the project include:

- review of procurement policies and processes versus leading practices for higher education;
- inventory of improvement opportunities captured during functional interviews;
- analysis of strategic sourcing functions; and
- comparison of to peer and leading institutions.

Huron takes a holistic approach to functional assessments and embraces the need to balance a variety of potential fiscal, process, governance, and business objectives, including, but not limited to:

- *Productivity and efficiencies* - Simplified and common processes; base productivity and efficiency measures on clearly defined key performance indicators (KPIs);
- *Leverage investments in technology* - Optimize system capabilities and integrate technology with the operational model; pay particular attention to roles, workflow and security;
- *Improved customer relationships* - Deliver consistent and value-added services to business units;
- *Measured internal controls* – Provide increased accountability by managing multiple points of responsibility and varied policy guidelines, while maintaining appropriate degree of autonomy;
- *Cost savings* - Reach economies of scale by leveraging personnel resources across the University while taking into account anticipated institutional growth and future needs; and
- *Risk mitigation* - Increase in policy compliance as well as compliance with external regulations by more clearly delineating accountability and responsibility.

Task 4: Develop Recommendations and Supporting Analysis



Huron will identify improvement opportunities and develop both strategic and actionable recommendations related to the procurement and strategic sourcing functions. Recommendations for improvement include both strategic and tactical recommendations, including but not limited to, transforming the organization, aligning strategies with the University's fiscal and other goals, validating that procurement policies are clear and congruent, identifying opportunities for process efficiencies, and identifying opportunities to improve utilization of existing technologies as well as the potential of utilizing new procurement technologies. Huron will then detail the anticipated impacts, benefits and risks associated with each of the proposed recommendations to provide the Board with all of the relevant considerations for determining how, if and when to implement these recommendations.

Key activities performed and deliverables presented during this part of the project include:

- Development of actionable recommendations for short-term and long-term improvements; and
- Preparation of analysis, including costs/benefits, to support recommended improvements.

Task 5: Recommendation Prioritization and Implementation Roadmap



Huron will develop and present a prioritized set of recommendations in our final report, including an actionable implementation plan and roadmap documenting how the Board and the participating campuses should move procurement and sourcing from its current-state to its desired future-state. The final report, implementation plan and associated roadmap will address key considerations, including timelines and anticipated milestones, staffing needs, and technology requirements. In addition, the implementation plan may address risk mitigation, change management, and business continuity considerations.

The project team will provide a final iteration of the report, including recommendations and supporting analysis, and a recommendations implementation roadmap. Culminating our work on the assessment, the project team will present the deliverables created as a part of this engagement.

Key activities performed and deliverables presented during this part of the project include:

- Deliver a communications plan to support the findings and recommendations;
- Deliver measurement process and templates for tracking performance improvements;
- Create a final report and transformation roadmap; and
- Present final report onsite to the Board and other constituents.

Strategic Sourcing Savings Validation, Strategies and Action Plan – Work Stream B



Huron's strategic sourcing delivery model is a rigorous and methodical approach to reducing the total delivered costs of purchased goods and services while maintaining or improving quality and service. Huron utilizes a proven six step methodology to help clients identify, implement and manage the category to drive greater cost savings. Implementation (Work Stream C) starts at Task 5 after completion of the Strategic Sourcing Savings Validation, Strategies and Action Plan (Work Stream B) with the following activities.

The specific tasks and sequence of events for the savings opportunity assessment are outlined in the following steps:

Task 1: Gather Information



Our approach to strategic sourcing is grounded in intensive data gathering and fact-based analysis that are driven by numerous inputs. Our team will start with the existing business case developed by Deloitte Consulting and leverage this information as the basis for our analysis. To supplement this information, we will gather additional information to validate the opportunity, define potential strategies, and an ideal approach. Huron will engage stakeholders and conduct interviews across the Iowa institutions, along with analysis of contracts and other relevant information for this step in the process.

Data and information gathered and used for the savings opportunity assessment refinement may include:

- Supplier contracts and pricing agreements;

- Detailed transactional data;
- Sample invoices;
- Sample PO data;
- Electronic catalog pricing;
- Policies and procedures; and
- User experiences, supplier relationships, and historical and planned initiatives through stakeholder interviews

Task 2: Analyze Data



Based on the information gathered in the prior step, Huron’s strategic sourcing methodology involves meticulously analyzing current state purchasing patterns as well as key cost drivers in order to accurately refine the detailed savings opportunity for each of the seven (7) categories. Specific analysis may include;

- Spend by suppliers and manufacturers;
- Historical spend trends;
- Contract summary, comparison, and utilization assessment;
- Spend by product categories / groups;
- High spend and high volume items;
- Pricing variance / contract compliance analysis; and
- Pricing and discount benchmarking.

High level analysis will be performed for the additional three (3) categories.

Task 3: Estimate Measurable Results



Based on the results of the data validation and benchmarking, Huron then summarizes the total cost savings opportunities identified along with current state analysis findings to develop detailed strategic sourcing savings opportunities for each of the seven (7) identified categories. High level findings will be developed for the additional three (3) categories. Various types of opportunities are considered, including;

- Price negotiation;
- Buying power leverage;
- Product standardization/utilization;
- Demand management;
- Strategic purchasing;
- Specification rationalization;
- Policy review and compliance; and
- Leveraging eProcurement.

Key activities performed during this part of the project include:

- Current state analysis; and

- Summary of cost savings opportunities by category, sub-category, supplier, and respective Iowa institution.

Task 4: Develop Action Plan for Approach



After the review of the strategic sourcing savings validation, Huron will work with the Board, Procurement leadership and key stakeholders to identify the best strategy and approach to optimize savings for each category.

Key activities performed and deliverables presented during this portion of the project include:

- Develop action plan and timeline to successfully achieve cost savings, including quick wins, mid-term and long-term actions;
- Determine preferred sourcing approach for each assessed category;
 - Based on category and sourcing expertise, identify alternative methods of sourcing (eSourcing, reverse auctions, etc.)
 - Assess incumbent supplier strategy
- Determine key service and other non-cost factors that are important to the Iowa institutions;
- Recommend policy changes that drive increased adoption of procurement strategies;
- Compile a summary of key change enablement issues and strategies to successfully implement the adoption and change process;
- Develop communication plans;
- Develop metrics and measurement to capture benefits;
- Identify procurement best practices applicable for each assessed category; and
- Recommendation to leverage eProcurement tools and technology

i. Describe the support/transition your firm has provided to clients that have sought to implement sourcing and procurement initiatives. Describe your approach to this stage for the Board of Regents and its universities.

Once the analysis of policy, operations, staffing and technology and validation of the strategic sourcing business case have been completed, Huron will work with the Board to finalize the procurement action plan/roadmap and associated implementation strategy for each functional and strategic sourcing category area. Our methodology for implementation of strategies and actions will largely be determined by the results of the assessments and agreed upon roadmap for the initiative. Huron will continue to leverage our deep subject matter expertise to assist the Board in realizing the value of these initiatives throughout the implementation process.

Huron will lead planning workshops to identify, define and relate goals and objectives for organization readiness as related to any organizational, technology, policy and business process changes identified in the assessment and recommendation phase (Work Stream A). The output of this workshop serves as a validation of the implementation of strategies and actions. Successful operating models require a clear roadmap coupled with the investment and benefits realization schedule, with appropriate established mechanisms to measure them. Typical operating model transformations will include procurement strategy, technology, and organizational alignment coupled with the following standardized procurement processes:

- Strategic Sourcing;
- Contract Management;
- Demand Management;
- Category Management;
- Supplier Performance Management;
- Customer Relationship Management;

- Supplier Enablement;
- Catalog Enablement; and
- Compliance Monitoring Processes.

During implementation, Huron will incorporate the lessons learned and identified opportunities into account when crafting the implementation support strategies – in particular the tools and actionable methodologies the Board and Huron will use to implement the recommended improvements. Our proven deployment toolkit further supports organizational readiness to best prepare the institution for the implemented changes.

b. Implementation/Consultation Phase

Implementation of Strategies and Actions – Work Stream C

Typical areas of our implementation of strategies and actions involvement across numerous client projects includes: program management, change management and communications, training, process redesign, technology optimization, implementation and deployment of new technologies, strategic sourcing category guidance and execution, strategic sourcing training, organizational competency framework and development planning, policy revisions, etc.

We take great pride in our proven track record of having our clients execute on our strategies and recommendations and achieve real results. We are very flexible in how we work with our clients to execute on our recommendations and each of our project roles has been unique for that particular institution.

Strategic Sourcing Implementation

Task 5: Implement Approved Action Plan



Once the implementation strategy and action plans have been finalized and approved, Huron will guide the Board and the universities through the execution of the strategic sourcing events to achieve the identified savings opportunities. Typical tasks during this step include:

- Lead “quick hit” opportunities;
- Execute RFX and/or incumbent supplier strategies;
- Initiate the request for proposal / negotiation structure and draft applicable RFPs, bid, and/or initial supplier communication documents;
- Identify incumbent and other qualified suppliers for each sourcing event / commodity areas;
- Analyze proposal responses and create qualitative and quantitative comparison summaries;
- Develop negotiation support documents and prepare for negotiation meetings;
- Update key stakeholders;
- Calculate projected cost savings achieved throughout the sourcing event execution process;
- Support supplier selection and final recommendations;
- Draft Memorandum of Terms documents; and
- Implement agreement.

Task 6: Category Management (ongoing)



Once final business terms have been reached and the negotiation process concluded, Huron will lead the Board and the universities in developing plans and processes that will provide comprehensive, long-term management of spend categories.

Typical tasks during this phase of the engagement include:

- Develop change management and campus communication strategy and materials;
- Establish governance structure;
- Implement framework to measure savings and benefits;
- Implement contract compliance measurement framework;
- Create supplier performance metrics and supplier scorecard framework;
- Draft supplier and category management plan (supplier relationship management);
- Develop contract compliance audit plan;
- Develop supplier enablement and implementation plan and timeline (supplier outreach and management); and
- Define process to maintain and update category strategies.

i. Describe how you would assist the Board and the universities in this step.

In order to provide the Board and the universities with the most value and cost-effective support for the implementation elements identified as part of this assessment, we recommend jointly finalizing Huron's scope and pricing for these services following the recommendations report and agreement on the path forward by the Board.

Included in our implementation framework are services to support the recommendations identified in the assessment, provide strong program governance to facilitate the implementation, engagement of procurement staff with a knowledge sharing approach, engagement of key stakeholders and campus customers, and knowledge transfer for both the functional and strategic sourcing activities.

Huron will make best efforts to provide continuity of resources from the assessment phase to drive greater efficiency during the implementation of strategies and action plans; however, we will also leverage our extended team of subject matter experts as needed depending on the defined implementation scope.

7. References

Please provide the contact information and client background for three client references. Submit references for clients that are most similar to the services being proposed for the Board.

Huron has successfully conducted procurement functional assessments and strategic sourcing initiatives at numerous institutions of comparable size and complexity. Listed below are examples of similar projects completed by the Huron Procurement Solutions team:

CLIENT NAME	University of Pittsburgh
PROJECT DESCRIPTION	<p><u>Project Synopsis Phase I:</u> Huron was engaged to identify opportunities to improve overall procure to pay operations, identify strategic sourcing savings opportunities, develop benchmarks to understand current procurement operations relative to peers, assess management information quality, and understand how the University's investment and performance in procurement-related social issues (e.g. green purchasing) compared to other leading universities. Deliverables included a procurement function scorecard across the procure to pay spectrum, benchmarking against peer institutions, spend analysis, strategic sourcing roadmap, recommended changes to organization, business process improvement, technology utilization, and strategic alignment designed to improve overall procure to pay operations. Based on the recommendations, the University quickly moved forward with the recommended organizational and technology expansion changes.</p> <p><u>Project Synopsis Phase II:</u> Upon completion of Phase I Huron continued work with the University to achieve strategic sourcing savings for the University's high-spend scientific supplies vendors. After identifying 12 target suppliers through spend analysis, Huron conducted a comprehensive data analysis and developed detailed business cases assessing the savings opportunities for the target vendors related to contract negotiations, spend consolidation and demand management. In addition, Huron assessed savings opportunities related to outsourcing the university-operated scientific supplies stockrooms to the preferred supplier. Huron provided assistance throughout the implementation process including contract negotiations and achieved over \$2.5M in savings for the University.</p> <p><u>Project Synopsis Phase III:</u> Huron was reengaged by the University for a strategic sourcing project focused on identifying and implementing cost savings for the IT hardware commodity area and strategic sourcing training for the University internal sourcing team. Huron led the initiative in identifying cost savings for the IT Hardware commodity area and the contract negotiation activities. A suite of university-wide standard desktop/laptop models were developed and market competitive pricings were negotiated as the results of the sourcing effort. Huron conducted six classroom style training sessions on Strategic Sourcing Methodology as well as provided guidance to the team in identifying cost savings for the IT peripheral commodity area. Training included the strategic sourcing activities of data gathering, analysis, benchmarking, savings estimation, business case development through strategy and action planning.</p>
CONTACT NAME AND TITLE	Kevin Maloney Director, Strategic Sourcing and Panther Express System Solutions
ADDRESS	3309 Cathedral of Learning Pittsburgh, PA 15260
EMAIL AND TELEPHONE NUMBER	kmaloney@bc.pitt.edu (412) 624-4395

CLIENT NAME	The University of Kansas, University of Kansas Center for Research, and University of Kansas Medical Center
PROJECT DESCRIPTION	<p><u>Phase I Project Synopsis:</u> Huron was engaged to conduct a high level assessment to identify cost savings and efficiency improvement opportunities associated with strategic sourcing, procure to pay process and technology use, and construction associated spend and audit activities. Based on spend analysis conducted across all three entities, a combined comprehensive strategic sourcing roadmap was developed. The strategic sourcing assessment identified six categories to include in the first wave of strategic sourcing activities.</p> <p><u>Phase II Project Synopsis:</u> During Phase II of the engagement, the procurement team was tasked with developing detailed business cases for six targeted strategic sourcing commodity areas, and procure-to-pay design with focus on organizational transformation, processes re-design, and procurement technology optimization.</p> <p><u>Phase III Project Synopsis:</u> The procurement team facilitated implementation of the recommended strategies across the six sourcing initiatives, resulting in approximately \$4.4 million in first year savings benefits. Huron also conducted classroom style strategic sourcing methodology training for the purchasing and sourcing team, as well as hands-on training and guidance to the sourcing team in identifying cost saving opportunities through data gathering, analysis, business case development, strategy and action planning, and implementation. Finally, Huron provided a refreshed strategic sourcing roadmap as well as guidance on how to best utilize their spend analytics solution as input to strategic sourcing, and for monitoring internal and external compliance.</p>
CONTACT NAME AND TITLE	Diane Goddard Vice Provost for Administration and Finance
ADDRESS	1450 Jayhawk Blvd., Rm 250 Lawrence, KS 66045
EMAIL AND TELEPHONE NUMBER	dgoddard@ku.edu (785) 864-4904

CLIENT NAME	New York University
PROJECT DESCRIPTION	<p><u>Phase I Project Synopsis:</u> Huron was engaged by New York University to conduct a procurement assessment, focused on the purchasing function, to provide future state recommendations based on current overarching procurement strategies, policies and processes, utilized technologies, metrics, organizational structure, roles and competencies. Huron conducted 80+ interviews with key procurement and campus stakeholders as the basis for the assessment findings and recommendations. As part of the engagement, Huron also conducted a strategic sourcing assessment which began with a comprehensive spend categorization and analysis to understand NYU's global purchasing patterns, high spend categories and vendors. Huron focused on eight spend areas at NYU, including office related products, marketing, travel management, document services, IT peripherals, IT hardware, multi-functional devices and outbound shipping. Huron conducted a high level review, analysis and benchmarking of each to quantify cost savings opportunities. Huron then suggested a strategic sourcing approach and next steps per category. The assessment findings and recommendations were well received by NYU's Executive leadership, including a newly designed procurement organizational structure and corresponding competency assessment, procurement operational improvements, and identified strategic sourcing cost savings of up to \$4M.</p> <p><u>Phase II Project Synopsis:</u> Huron was engaged by New York University to implement the cost savings identified in the previous strategic sourcing assessment exercise for two commodity areas, office related products and multifunctional devices. For both commodity areas, Huron conducted comprehensive data gather and analysis, then quantified cost savings opportunities, developed suggested sourcing execution strategy, approach, and timeline in a business case. Huron facilitated the incumbent supplier negotiations for both areas and was able to achieve an annual recurring cost savings of \$1.5M for MFDs, and a first year cost savings of \$2.3M for office supplies, including an one-time signing bonus of \$1.9M and recurring annual savings of ~\$0.5M.</p> <p>Huron also conducted multiple Strategic Sourcing Methodology classroom training sessions for the NYU procurement commodity managers team to facilitate their own sourcing initiatives in the future.</p>
CONTACT NAME AND TITLE	Stephanie Pianka Vice President, Financial Operations and Treasurer
ADDRESS	105 East 17th Street, Floor 4 New York, NY 10003
EMAIL AND TELEPHONE NUMBER	stephanie.pianka@nyu.edu (212) 998-2910

8. Sample Documents

Submit sample documents of the type of analysis the Board can expect from the work your firm is proposing to do.

Please see Appendix D for sample documents of the type of analysis Huron provides.

9. Cost of Services

Per RFP instructions, we have submitted the Cost of Services under separate cover.

Assurances, Representations and Authorization to Release Information

Please see next page.

ASSURANCES, REPRESENTATIONS AND AUTHORIZATION TO RELEASE INFORMATION

The Bidder hereby assures and represents with respect to this proposal that:

1. It possesses legal authority to submit this proposal; that a resolution, motion or similar action has been duly adopted or passed as an official act of the Bidder's governing entity authorizing the submittal of this proposal, including all assurances, representations contained herein, and directing and authorizing the person signing below to act in connection with the application and to provide additional information as may be required.
2. It will comply with all applicable federal and state equal opportunity and affirmative action requirements.
3. All statements and information made or furnished to the Board are true and correct in all material respects. Bidder has not knowingly made any false statements in its proposal. Bidder acknowledges that supplying any information determined to be false, misleading or deceptive will be grounds for disqualification from consideration.
4. Bidder hereby authorizes the Board to obtain information regarding its performance on other contracts, agreements or other business arrangements, its business reputation, and any other matter pertinent to evaluation and the selection of a successful Bidder in response to this Request for Proposal. It authorizes the Board to research the company's history, make credit checks, contact the company's financial institution, contact former and current clients of the company, and perform other related activities necessary for reasonable evaluation of this proposal.
 - The Bidder acknowledges that it may not agree with the information and opinions given by such person or entity in response to a reference request. The Bidder acknowledges that the information and opinions given by such person or entity may hurt its chances to receive contract awards from the Board or may otherwise hurt its reputation or operations. The Bidder is willing to take that risk.
 - The Bidder hereby releases, acquits, and forever discharges the State of Iowa, Board of Regents, their officers, directors, employees and agents from any and all liability whatsoever, including all claims, demands and causes of action of every nature and kind affecting the undersigned that it may have or ever claim to have relating to information, data, opinions, and references obtained by the Board in the evaluation and selection of a successful Bidder in response to this Request for Proposal.
 - The Bidder authorizes representatives of the Board to contact any and all of the persons, entities, and references which are, directly or indirectly, listed, submitted, or referenced in the undersigned's proposal submitted in response to this Request for Proposal.

- The Bidder further authorizes any and all persons or entities to provide information, data, and opinions with regard to the undersigned's performance under any contract, agreement, or other business arrangement, the undersigned's ability to perform, the undersigned's business reputation, and any other matter pertinent to the evaluation of the undersigned. The undersigned hereby releases, acquits and forever discharges any such person or entity and their officers, directors, employees and agents from any and all liability whatsoever, including all claims, demands and causes of action of every nature and kind affecting the undersigned that it may have or ever claim to have relating to information, data, opinions, and references supplied to the Board in the evaluation and selection of a successful Bidder in response to this Request for Proposal.
- A photocopy or facsimile of this signed Authorization is as valid as an original.

Signature

Derek Smith, Managing Director

Type or Print Name, Title

December 11, 2014

Date

This form must be signed by an authorized representative of the Bidder and submitted to the Board along with Bidder's proposal.

RFP:	Efficiency and Transformational Services for the Board of Regents
ENTITY:	Board of Regents, State of Iowa
RFP RELEASE DATE:	November 21, 2014

Appendix A – Resumes of Key Personnel

Please see next page.

Derek Smith

Managing Director

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Derek has more than 20 years of consulting and project management experience in eProcurement implementation, process improvement, organizational transformation, travel program improvement, and strategic sourcing. His experience includes work in the higher education, public sector, financial services, healthcare, and energy industries.

Professional experience

Derek leads Huron's delivery of procurement solutions in higher education. He has led multiple procurement transformation, eProcurement implementation, strategic sourcing, and travel and expense engagements. Representative examples of his engagement experience include:

- Led initiative for a private university to identify improvement opportunities in the areas of procurement and payables operations, travel and expense program, and strategic sourcing.
- Led initiative for large university to achieve strategic sourcing savings and transform procurement/payables operations. Recommendations focused on process improvement, organizational alignment, and improved technology utilization. Developed strategic sourcing master plan, and provided strategic sourcing training, analysis, guidance and negotiation support.
- Provided guidance for the selection, design and implementation of eProcurement solutions for several large research universities.
- Led engagement with a research university to provide procurement/payables recommendations, focusing on process improvement, organizational alignment, and improved use of current technology. Provided strategic sourcing guidance and negotiation support for scientific supplies area and assessed lab stores operations.
- Led procure-to-pay operational assessment to identify savings and improve processes for a seven campus university system. Provided guidance for system-wide eProcurement implementation.
- Led an assessment of a Western public university's stores operations. Provided recommendations on operational improvements, scope of operations, funding models, and technology utilization.
- Led initiative to establish the procurement function for a research university in the Middle East, including policies and procedures, organization structure and roles, and implementation of an eProcurement solution.
- Led post go-live assessment of an eProcurement initiative for a public university. Recommendations resulted in improved user adoption and efficiencies.
- Provided strategic guidance for implementation and change management for an eProcurement system with a private Northeastern research university.
- Performed procure-to-pay functional/technology review for a private university, resulting in strategic procurement plan and strategic sourcing roadmap.
- Provided guidance for a Midwestern private university's initiative to replace its financial systems, including implementation of PeopleSoft/SciQuest.
- Conducted procurement assessment for a public university, focused on organization, technology, and processes, and led implementation of the recommendations.
- Led assessments for several universities to review eProcurement plans, including analysis of return on investment and funding options, solution design, planning, and implementation recommendations.
- Led a strategic sourcing initiative for a large public research university, including a focus on classroom and hands on training. Savings of 9-39% were achieved across multiple commodity areas.
- Led procurement assessment for a large research university, including a focus on eProcurement strategy and solution design. Provided program management for the campus-wide implementation.
- Led strategic sourcing project for a large public university with an emphasis on knowledge transfer. Achieved significant savings across multiple areas.
- Managed strategic sourcing effort for private research university, which achieved annual savings of more than \$5M across multiple spend areas.

Education

- Master of Business Administration, University of Georgia, Athens, Georgia
- Bachelor of Business Administration, Finance, University of Texas, Austin, Texas

Shandy S. Husmann

Managing Director

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Shandy has more than 17 years of experience assisting educational institutions, healthcare organizations, and non-profit research institutes in areas of research administration, cost accounting, finance, compliance issues related to federally funded programs, operational efficiency, strategic planning, financial modeling, and other administrative, organizational, and financial challenges. During his career, which includes five years at Vanderbilt University, he has been involved in numerous consulting engagements for a variety of organizations.

Professional experience

Shandy's experience working with universities, academic medical centers, and non-profit institutions has provided him with extensive knowledge of administrative processes and operations. His responsibilities have involved him in numerous issues related to management, accounting, technology, organization, strategy, and operations. While at Vanderbilt, Shandy was responsible for grant administration, facilities and administrative cost calculation and negotiation, compliance with the Cost Accounting Standards, fringe benefit rates, and other research administration processes.

Representative examples of Shandy's engagement experience include:

- Evaluated the efficiency and effectiveness of the business processes used to manage sponsored projects at research universities and institutes.
- Performed management reviews of administrative functions at universities.
- Conducted compliance risk assessments for research universities and non-profit research institutes.
- Assisted with the investigation of various grants accounting, cost allocation, and cost allowability matters as well as provided guidance and support to the audit resolution process.
- Coordinated preparation and negotiation of the facilities and administrative cost rate calculation for research universities and non-profit institutions.
- Conducted space functional use studies to support facilities and administrative cost calculations.
- Reviewed the organization of and processes supporting intellectual property management and technology transfer at academic medical centers.

- Assisted research universities and non-profit institutions with policy and procedure enhancement and development.
- Conducted an assessment of the executive level organizational structure of a large public research university.
- Developed a test to be used by a major research university to evaluate and certify sponsored project administrators.
- Reviewed effort reporting, fringe benefit cost accounting and service center costing practices at research universities.
- Identified opportunities for a university to improve the effectiveness of the alumni and development functions and the business relationships with the affiliated alumni association and foundation.
- Assisted universities with preparation of the disclosure statement as well as conducted training and developed policies related to the Cost Accounting Standards.

Education and certification

- Master of Business Administration, Vanderbilt University's Owen Graduate School of Management, Nashville, Tennessee
- Bachelor of Science, Accounting, University of Illinois, Urbana-Champaign, Illinois
- Certified Public Accountant, Illinois

Speaking engagements

- Frequent speaker at conferences sponsored by the National Association of College and University Business Officers (NACUBO), National Council of University Research Administrators (NCURA), Society of Research Administrators (SRA), and the regional cost accounting conferences (SECA, MECA, WECA, and NECA).

Kelli Fager

Manager

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550 W Van Buren Street
Chicago, Illinois 60607

Kelli has more than ten years of consulting and industry experience related to eProcurement project management, procurement process assessment, supplier enablement, and procurement outsourcing.

Professional experience

Prior to joining Huron, Kelli was a procurement consultant for Siemens AG, where she was responsible for development and management of procurement process optimization solutions, including eProcurement and procurement outsourcing.

Representative examples of Kelli's engagement experience include:

- Led a technology implementation and facilitated discussions for technology improvements at a multi-campus State research institution.
- Conducted a Procurement Assessment of purchase-to-pay processes, policies, technology and organization.
- Developed and prioritized recommendations within each segment.
- Led eProcurement planning and implementation at a major Southern research institution including supplier registration, sourcing, contract authoring, contract management, purchasing and payables.
- Evaluated current state PeopleSoft eProcurement solution at a major Midwestern university to identify opportunities for configuration and design improvements.
- Developed business case for technology changes and provided change management recommendations for improved user adoption.
- Conducted a Procurement assessment at a major Southeastern research institution.
- Assessed current practices against best practices and developed recommendations with respect to Procurement's vision and strategy, organizational structure, policies and processes, and utilized technologies.
- Led a Procurement, Sourcing and Travel assessment at an Ivy League institution.
- Provided recommendations for areas of improvement within Procurement.
- Developed a business case for the implementation of an eProcurement system.
- Developed a business case, financial models and funding models for an eProcurement Marketplace for a large public institution in the Midwest.
- Defined implementation and operating costs, and resource requirements for participating institutions.
- Identified and quantified areas of opportunity for savings through the Marketplace solution.
- Managed an eProcurement implementation at a major Southern research institute.
- Facilitated key business decisions across all aspects of the project: business process, technical integration, supplier enablement, and change management.
- Recommended business process improvements for procurement and payables.
- Managed a global procurement outsourcing project for a large private sector client.
- Led engagement to manage portions of spend on behalf of the client, resulting in 7.4% incremental savings on non-contracted spend.
- Led design, resource planning, and execution of eProcurement design for global manufacturing client.
- Conducted workshops to define requirements, standardize processes, and identify improvements through eProcurement.
- Managed an eProcurement implementation with an international manufacturing organization.
- Collaborated with project resources on risk identification and mitigation.
- Managed budget and project milestones to ensure accurate revenue recognition.

Education

- Master of Business Administration, Leadership and Change Management, DePaul University, Chicago, Illinois
- Bachelor of Arts, Advertising, Harding University, Searcy, Arkansas

Snow Cheng Rutkowske

Manager

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Snow focuses on strategic sourcing and procurement solutions projects and has extensive experience with project management, sourcing strategy development and guidance, and savings implementation support in various commodity areas including office related products, IT hardware and peripherals, scientific supplies, maintenance and custodial supplies, office equipment, and travel management.

Professional experience

Representative examples of Snow's engagement experience include:

- Led multiple strategic sourcing engagements at various public and private Higher Education institutions throughout the United States across numerous commodity areas. In addition to savings identification and implementation, Snow also led various projects involving strategic sourcing roadmap development, classroom style and hands-on sourcing trainings.
- Led the strategic sourcing workstream of a broader Huron engagement at a large public university in the Midwest over three separate phases of the project. Key project focus and components included spend categorization and analysis, strategic sourcing roadmap development, savings identification and execution for six commodity areas, classroom style sourcing methodology training and hands-on sourcing training for the university internal personnel. Snow and her team were instrumental in achieving significant one-time and ongoing cost savings for the University as well as help develop the University's internal sourcing team.
- Guided the strategic sourcing business case development as well as savings identification and implementation effort at a large public university in the Midwest for two commodity areas; led the classroom style strategic sourcing methodology training sessions and numerous hands-on working sessions in educating University internal resources on how to conduct sourcing initiative independently.
- Developed in-depth data analysis and business cases for 12 scientific supplies and equipment vendors and identified \$2.5 million in savings at a large public university on the East Coast.
- Facilitated the implementation of the identified savings as well as developed a contract pricing audit tool that would be utilized to monitor on-going contract compliance.
- Assisted with the creation of a model that evaluated operational efficiencies in dining services for a prestigious West Coast university. Assessed opportunities related to labor

expense reduction, revenue enhancement, service quality improvement, and return on capital investment.

- Analyzed and benchmarked the endowed chair establishment and short term investment pool model as well as related policies against public and private peer institutions during a resource allocation project for a graduate level public research medical school within a large public university system on the West Coast. Made recommendations for how to more efficiently utilize and reallocate resources.
- Stratified \$3.5 billion in accounts payables and other procurement spend data to develop an analysis for secondary and post-secondary educational institutions and identified \$15 - \$20 million in potential savings. Examined the institution's spend by year, spend by categories and suppliers to provide the rationale for the strategic sourcing project.
- Developed strategic sourcing diagnostics to evaluate spend and identify potential savings for five universities across six commodity and service areas, resulting in an estimated average savings of 10-12%.

Education

- Bachelor of Arts, Economics, University of Michigan, Ann Arbor, Michigan

Patrick K. Chan

Manager

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550 W. Van Buren Street
Chicago, Illinois 60607

Patrick has more than eight years of management consulting experience related to eProcurement solution implementation, procurement process assessment and design, strategic sourcing, supplier enablement, and project management.

Professional experience

- Representative examples of Patrick's engagement experience include:
- Managed an eProcurement implementation planning phase for a southeastern medical university. Responsibilities included:
- Led the defining of key business decisions, procurement processes, roles and responsibilities in conjunction with a SciQuest full suite implementation.
- Provided guidance in launching change management and readiness activities including training approach recommendations
- Identified strategic sourcing opportunities based on spend data analysis
- Managed an eProcurement implementation for a southwestern public university system. Responsibilities included:
- Served as project manager and subject matter expert for a SciQuest full suite implementation.
- Developed the implementation project work plan, led business process discovery sessions, documented configuration and design requirements, and conducted unit testing.
- Led the supplier enablement effort including analysis and identification of targeted suppliers and creation of supplier communications.
- Led the supplier data cleanup effort which consisted of a supplier prioritization, communication creation and a supplier data entry website.
- Procurement Transformation Lead for northeastern private Ivy League university. Responsibilities included:
- Led the redesign and implementation of procurement policies and procedures to drive spend compliance, controls, efficiencies and cost savings.
- Reengineered the current procure to pay business processes and designed functional enhancements of client's eProcurement tool to drive increased user adoption and usage.
- Strategic Sourcing Category Lead for a manufacturing client. Responsibilities included:
- Developed and led strategic sourcing initiatives across multiple FM subcategories totaling \$40MM in spend and achieved savings targets on average of 10% in cost reduction
- Created a 3 year strategic FM category plan that provided client with direction and insight on achieving optimal savings, maximizing spend and leverage and enhancing service levels and purchasing processes
- Strategic Sourcing Category Lead for a consumer packaged goods client. Responsibilities included:
- Developed a comprehensive strategic sourcing roadmap that prioritized client's spend categories to leverage spend and maximize cost reduction and savings potential.
- Led strategic sourcing efforts across multiple categories delivering on average 29% savings return for client.
- Project Manager for strategic sourcing assessment for a federal government health agency client.
- Conducted a comprehensive spend analysis including data collection, cleansing and normalizing data, developing baselines, developing demand forecasts, and performing opportunity assessment.
- Offered recommendations on several commodity groups where spend could be leveraged across the enterprise to generate savings.
- Prior to joining Huron, Patrick was a manager at IBM, and Accenture.

Education

- Bachelor of Science, Economics with a Business Administration concentration, University of Illinois, Urbana – Champaign, Illinois

Appendix B - Client List

Arizona State University	Nevada System of Higher Education	University of Louisville
Ascension Health	New York University	University of Maine System
Auburn University	Northern Kentucky University	University of Massachusetts System
Boston College	Northwestern University	University of Miami
Brandeis University	Ohio University	University of Michigan
California Institute of Technology	Ohio – Intra-University Council	University of Minnesota
California State University, San Bernardino	Oklahoma State University	University of Missouri
City of Chicago	Oklahoma University	University of Montana
Clemson University	Oregon State University	University of North Carolina
Collin College	Pace University	University of Notre Dame
Cornell University	Pennsylvania State University	University of Oklahoma
Creighton University	Perdue University	University of San Francisco
DeVry University	Princeton University	University of Southern California
Drexel University	Rice University	University of Southern Maine
Duke University	Rutgers University	University of Tennessee Health Sciences Center
Emory University	Seton Hall University	University of Texas Arlington
Ferris State University	Stanford University	University of Texas Dallas
Florida International University	University of Arkansas	University of Texas El Paso
Florida State University	University of California Office of President	University of Texas Medical Branch
Georgia Institute of Technology	University of California, Berkeley	University of Wisconsin
Harvard University	University of California, Davis	University Pittsburgh
High Point University	University of California, Los Angeles	University of Utah
Illinois State University	University of California, San Diego	University System of New Hampshire
Ithaca College	University of California, San Francisco	Virginia Commonwealth University
King Abdullah University	University of Chicago	Wake Forest University
Loma Linda University	University of Cincinnati	Wake Forest University Health Sciences
Louisiana Community and Technical College	University of Colorado System	Washington University
Louisiana State University	University of Florida	Wayne State University
Medical College of Georgia	University of Illinois	West Virginia University
Medical University of South Carolina	University of Kansas	Wright State University
Messiah College	University of Kansas Medical Center	
Michigan State University	University of Kentucky	

Appendix C – Terms & Conditions

Below you will find our General Terms and Conditions. Should we be selected for this engagement, we will negotiate in good faith to arrive at mutually agreeable terms.

Our Services. (a) We will provide the services and furnish the deliverables (the “Services”) as described in our Engagement Letter and any attachments thereto, as may be modified in writing from time to time by mutual consent.

(b) You understand that we do not license and/or provide third party materials, including but not limited to third party software, hardware, tools, content, graphics or other materials (collectively “Third Party Materials”) as part of our Services under this Agreement. In the event that a portion of the Services requires the use of Third Party Materials, you already have or will license or acquire such Third Party Materials directly from the third party provider, and shall ensure that you have the right to provide us with access to and use of such Third Party Materials in the provision of our Services hereunder.

Independent Contractor We are an independent contractor and not your employee, agent, joint venturer or partner, and will determine the method, details and means of performing our Services. We assume full and sole responsibility for the payment of all compensation and expenses of our employees and for all of their state and federal income tax, unemployment insurance, Social Security, payroll and other applicable employee withholdings.

Fees and Expenses (a) Our fees and payment terms are set out in our Engagement Letter. Those fees do not include taxes and other governmental charges (which will be separately identified in our invoices.) In the event you request that we perform some or all of the Services outside of the United States, we may issue the resulting invoice from a Huron affiliate located in the country where such Services are performed.

(b) You acknowledge that where out-of-town personnel are assigned to any project on a long-term basis (as defined from time to time in the applicable provisions of the Internal Revenue Code and related IRS regulations, and currently defined, under IRC Section 162, as a period of time reasonably expected to be greater than one year), the associated compensatory tax costs applied to out-of-town travel and living expenses also shall be calculated on an individual basis, summarized, and assessed to such personnel. In such cases, the expenses for which you shall reimburse us hereunder shall be deemed to include the estimated incremental compensatory tax costs associated with the out-of-town travel and living expenses of our

personnel, including tax gross-ups. We shall use reasonable efforts to limit such expenses.

(c) We reserve the right to suspend Services if invoices are not timely paid, in which event we will not be liable for any resulting loss, damage or expense connected with such suspension.

4. Taxes (a) You will be responsible for and pay all applicable sales, use, excise, value added, services, consumption and other taxes and duties associated with our performance or your receipt of our Services, excluding taxes on our income generally. You will provide us with a copy of your certificate of tax-exemption, if applicable.

(b) If you are required by the laws of any foreign tax jurisdiction to withhold income or profits taxes from our payment, then the amount payable by you upon which the withholding is based shall be paid to us net of such withholding. You shall pay any such withholding to the applicable tax authority. However, if after 120 days of the withholding, you do not provide us with official tax certificates documenting remittance of the taxes, you shall pay to us an amount equal to such withholding. The tax certificates shall be in a form sufficient to document qualification of the taxes for the foreign tax credit allowable against our corporation income tax.

5. Confidentiality and Privacy (a) With respect to the terms of the Agreement, any information supplied in connection with this engagement and designated by either of us as confidential, or which the other should reasonably believe is confidential based on its subject matter or the circumstances of its disclosure (“Confidential Information”), the other agrees to protect the Confidential Information in a reasonable and appropriate manner, and use Confidential Information only to perform its obligations under this engagement and for no other purpose. This will not apply to information which is: (i) publicly known, (ii) already known to the recipient, (iii) lawfully disclosed by a third party, (iv) independently developed, (v) disclosed pursuant to legal requirement or order, or (vi) disclosed to taxing authorities or to representatives and advisors in connection with tax filings, reports, claims, audits and litigation.

(b) Confidential Information made available hereunder, including copies thereof, shall be returned or destroyed upon request by the disclosing party; provided that the receiving party may retain other archival copies for

recordkeeping or quality assurance purposes and receiving party shall make no unauthorized use of such copies.

(c) We agree to use any personally identifiable information and data you provide us only for the purposes of this engagement and as you direct, and we will not be liable for any third-party claims related to such use. You agree to take necessary actions to ensure that you comply with applicable laws relating to privacy and/or data protection, and acknowledge that we are not providing legal advice on compliance with the privacy and/or data protection laws of any country or jurisdiction.

(d) Nothing herein shall be construed so as to prevent a disclosing Party from disclosing to others its own Confidential Information. Either Party may disclose the existence and general nature of this Agreement, but may not, without the prior consent of the other Party, disclose the specific terms of this Agreement. All press releases regarding this Agreement in which the other Party is named shall be subject to the prior written approval of the other Party, however, nothing herein shall prohibit Huron from including Client's name in a simple list of clients for marketing and public relations purposes. The obligations of confidentiality under this Section 5 shall survive termination of the Agreement for a period of five (5) years from the date of termination.

6. Our Deliverables and Your License Except for any deliverables which are custom-developed specifically for you and identified as your exclusively owned deliverables in the Engagement Letter, all deliverables, including all intellectual property rights contained therein, provided to you as a part of the Services under the Agreement shall be owned exclusively by us, including but not limited to: (a) our work papers, proprietary information, processes, methodologies, know how, tools, devices and software; and/or (b) any modifications, alterations, enhancements, extensions, configurations or derivative works made to our software (collectively referred to herein as "Huron Property"). Huron Property includes such information as existed prior to the delivery of Services and, to the extent such information is of general application, anything which we may discover, create or develop during our provision of Services to you. Upon payment of all applicable fees for the Services, we grant to you a fully paid up, non-exclusive, nontransferable license to use the Huron Property for your internal business purposes and for any purpose that may be expressly stated in the Engagement Letter. The Huron Property may not otherwise be disclosed, published or used in whole or in part for any other purpose. The rights granted by us in this Section 6 do not include any rights in Third Party Materials. All Third Party Materials are subject to the terms and conditions of the applicable license or other agreement between you and the applicable third party provider. You acknowledge that we provide services

and/or deliverables to other clients that may be similar to the Services hereunder, and nothing under the Agreement shall be construed to prevent us from providing such services or deliverables to other clients.

7. Your Responsibilities. To the extent applicable, you will cooperate in providing us with office space, equipment, data and access to your personnel as necessary to perform the Services. To help maximize the value of our work to you and to keep the project moving on schedule, you agree to comply with all of our reasonable requests and to provide us timely access to all information and locations reasonably necessary to our performance of the Services. You also agree to cause all levels of your employee and contractors to cooperate fully and timely with us. You will designate an employee or employees within your senior management who will make or obtain all management decisions on a timely basis. You also agree to ensure that all assumptions set forth in the Engagement Letter are accurate and to provide us with such further information we may need and which we can rely on to be accurate and complete. We will be entitled to rely on all of your decisions and approvals made independently and we will not be obligated to evaluate, advise on, confirm, or reject such decisions and approvals. You shall provide reliable, accurate and complete information necessary for us to adequately perform the Services and will promptly notify us of any material changes in any information previously provided. You acknowledge that we are not responsible for independently verifying the truth or accuracy of any information supplied to us by or on behalf of you.

8. Our Warranty We warrant that our Services will be performed with reasonable care in a diligent and competent manner. Our sole obligation will be to correct any non-conformance with this warranty, provided that you give us written notice within 10 days after the Services are performed or delivered, whichever comes first. The notice will specify and detail the non-conformance and we will have a reasonable amount of time, based on its severity and complexity, to correct the non-conformance.

We do not warrant and are not responsible for any Third Party Materials or services. Your sole and exclusive rights and remedies with respect to any Third Party Materials or services are against the third party provider and not against us.

THIS WARRANTY IS OUR ONLY WARRANTY CONCERNING THE SERVICES AND ANY DELIVERABLE, AND IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, ANY IMPLIED WARRANTIES ARISING OUT OF COURSE

OF TRADE, DEALING, OR PERFORMANCE, OR OTHERWISE, ALL OF WHICH ARE HEREBY DISCLAIMED.

9. Liability and Indemnification (a) This engagement is not intended to shift risk normally borne by you to us. To the fullest extent permitted under applicable law, you agree to indemnify and hold us and our personnel, agents and contractors harmless against all costs, fees, expenses, damages, and liabilities (including reasonable defense costs and legal fees), associated with any legal proceeding or other claim brought against us by a third party, including a subpoena or court order, arising from or relating to any Services or Third Party Materials that you use or disclose, or this engagement generally. This indemnity shall not apply to the extent a claim arises out of our gross negligence or willful misconduct, as finally adjudicated by a finder of fact.

(b) We will not be liable for any special, consequential, incidental, indirect or exemplary damages or loss (nor any lost profits, savings or business opportunity). Further, our liability relating to this engagement will in no event exceed an amount equal to the fees (excluding taxes and expenses) we receive from you for the portion of the engagement giving rise to such liability.

(c) Neither of us will be liable for any delays or failures in performance due to circumstances beyond our reasonable control.

10. Non-Solicitation During the term of this engagement, and for a period of one year following its expiration or termination, you will not directly or indirectly solicit, employ or otherwise engage any of our employees (including former employees) or contractors who were involved in the engagement.

11. Termination (a) Termination for Convenience. Either party may terminate this Agreement for convenience at any time on 30 days' prior written notice to the other.

(b) Termination for Breach. Either party may terminate the Agreement for breach if, within 30 days' notice detailing the nature of the breach, the breaching party fails to cure a material breach of the Agreement.

(c) To the extent you terminate the Agreement for convenience, you will pay us for all Services rendered, effort expended, expenses incurred, contingent fees (if any), or commitments made by us to the effective date of termination. To the extent you terminate the Agreement for breach, you will pay us for all conforming Services rendered and reasonable expenses incurred by us to the effective date of the termination.

(d) Further, we reserve the right to terminate the Agreement at any time, upon providing written notice to you, if conflicts of interest arise or become known to us that, in our sole judgment, would impair our ability to perform the Services objectively.

(e) The terms of the Agreement which relate to confidentiality, ownership and use, limitations of liability and indemnification, non-solicitation and payment obligations shall survive its expiration or termination.

12. Covered Entity We each agree that you may be a "covered entity" and if so, we may be a "business associate", as such terms are defined in the standards for privacy of individually identifiable health information adopted pursuant to the Health Insurance Portability and Accountability Act of 1996 (45 C.F.R. Parts 160 and 164) (the "Privacy Standards"). If we are deemed to be a business associate, we will enter into a separate business associate agreement with you

13. Books & Records If applicable, we each agree to comply with the requirement of Section 1861(v)(1)(I) of the Social Security Act, as amended, and any written regulations pursuant thereto, governing the maintenance of documentation to verify the cost of Services rendered under the Engagement Letter as follows: Until the expiration of four (4) years after the furnishing of Services pursuant to the Engagement Letter, each party shall make available upon written request of the Secretary of the Department of Health and Human Services, or upon request of the Comptroller General of the U.S., or any of their duly authorized representatives, the Agreement and any books, documents, and records that are necessary to verify the nature and extent of such costs. If either of us is requested to disclose any books, documents, or records relevant to the Engagement Letter for the purpose of an audit or investigation, the party impacted shall, unless legally prohibited, immediately notify the other party of the nature and scope of such request and shall make available, upon written request of the other party, all such books, documents or records.

14. General (a) The Agreement supersedes all prior oral and written communications between us, and may be amended, modified or changed only in a writing when signed by both parties. The Parties acknowledge that they may be a party to a software license or hosting agreement and that the terms of this Agreement shall not supersede such agreements.

(b) No term of the Agreement will be deemed waived, and no breach of the Agreement excused, unless the waiver or consent is in writing signed by the party granting such waiver or consent.

(c) We each acknowledge that we may correspond or convey documentation via Internet e-mail and that neither party will be liable for any loss, damage, expense, harm or inconvenience resulting from the loss, delay, interception, corruption, or alteration of any Internet e-mail due to any reason beyond our reasonable control.

(d) Assignment. Except in the event of a sale of all or substantially all of the assets of Huron as a going concern to another entity, or merger or consolidation with or into another entity which shall continue Huron's business substantially unchanged, neither Party shall assign or transfer this Agreement or any of the license or other rights granted by this Agreement, without obtaining the other Party's written approval, such approval not to be unreasonably withheld whether by operation of law or otherwise.

(e) The Agreement shall be governed by and construed in accordance with the laws of the State of Illinois without giving effect to conflict of law rules. Except for claims for under Section 14(f), the parties hereto agree that any and all disputes or claims arising hereunder shall be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Any arbitration will be conducted in Chicago, Illinois. Any arbitration award may be entered in and enforced by any court having jurisdiction thereof, and the parties consent and commit themselves to the jurisdiction of the courts of the State of Illinois for purposes of any enforcement of any arbitration award. Except as may be required by law,

party has control over the performance, reliability, availability, or security of Internet e-mail. Therefore, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties. The terms stated in this document shall govern the rights and obligations of the parties, notwithstanding any provision of the Convention on Contracts for the International Sale of Goods to the contrary.

(f) Equitable Relief. Each Party agrees that, in the event injunctive or other equitable relief is appropriate to enforce compliance with confidentiality provisions or intellectual property provisions of this Agreement, then such relief shall be in addition to any other remedies available to the aggrieved Party and that the aggrieved Party shall be entitled to seek such equitable relief without the requirement of any bond or security and without the necessity of having to establish the failure of legal remedies.

(g) If any portion of the Agreement is found invalid, such finding shall not affect the enforceability of the remainder hereof, and such portion shall be revised to reflect our mutual intention.

(h) The Agreement shall not provide third parties with any remedy, cause, liability, reimbursement, claim of action or other right in law or in equity for any matter governed by or subject to the provisions of the Agreement

Appendix D – Huron’s Sample Documents

Please see next page.

Project Description

- University XYZ engaged Huron to conduct a procure to pay operational assessment. The goal of this assessment was for Huron to provide future state recommendations based on University XYZ's current overarching procurement policies and processes, utilized technologies, and organizational structure and roles. In addition, University XYZ requested a review of procurement spend data to identify strategic sourcing savings opportunities.

Project Approach

- To meet these objectives, Huron segregated the project into two interconnected workstreams.
 - Workstream 1 consisted of a procure to pay operational assessment including transforming the organization and providing recommended skills and experience required to support the future organization, aligning Purchasing and Accounts Payable strategies with the University's fiscal goals, identifying opportunities for process efficiencies, and identifying opportunities to improve utilization of existing technologies as well as the potential of using new procurement technologies.
 - Workstream 2 focused on a review of strategic sourcing and category management for 8 categories of spend, including office related products, desktops/laptops, IT peripherals, multifunctional devices, outbound shipping, travel, commercial print, and marketing.
- Huron interviewed more than 80 resources across University XYZ, including resources from the State XYZ campuses, as well as University XYZ suppliers. A full list of resources interviewed is in the Appendix of the full report.
- Additionally, Huron collected and analyzed information from University XYZ, including but not limited to, 2 years of Accounts Payable data, 2 years of P-Card data, and Purchasing job descriptions. A full list of data received from University XYZ is in the Appendix of the full report.

Procurement Key Findings

PROCUREMENT SUMMARY

Sample Key Findings

The Procurement function at University XYZ has significant opportunity to transform into a more strategic function for the University by defining and aligning Procurement and AP strategies and metrics, creating a new organizational model with strategic roles, streamlining operations through enhanced technologies and refining purchasing and payment mechanisms.

Strategies and Metrics

- Purchasing strategies do not align with the vision for Financial Operations & Treasury and continuous improvement tactics have been designed and implemented in a vacuum.
- Newly defined key performance indicators are focused on tactical operations and have an opportunity to be rounded out with strategic metrics.

Organization

- The University XYZ Purchasing function has an opportunity to transition from transactional operations to a more strategic capacity within the University.
- Purchasing has an opportunity to clearly define and communicate roles and responsibilities within the organizational structure.

Operations and Technology

- University XYZ is missing critical procurement technologies to support a robust source-to-settle solution for both University and a Global University.
- Upstream purchasing processes are causing downstream AP issues with minimal effort to concretely identify and collaboratively resolve these issues.

Purchasing and Payment Mechanisms

- At a high-level, purchasing methods are in line with, or better than, other private universities in terms of spend volumes. However, University XYZ has a high number of blanket orders which is causing a lack of visibility of spend against these orders that University XYZ could potentially strategically source and negotiate.
- University XYZ has a high percentage of automated payment methods compared to other universities, however the average transaction amount of wire transfers is higher than expected.

Procurement Key Recommendations

PROCUREMENT SUMMARY

Overview of Key Recommendations

Huron provided and prioritized several recommendations to transform University XYZ Procurement to a more strategic function. The most notable recommendations are below.

Strategies and Metrics

- Develop Purchasing and Payment Services strategies that align with the University mission and are coordinated across the procure-to-pay lifecycle.
- Update and align University policies related to Purchasing and Payment Services.
- Augment and align the current list of dashboard metrics with strategic components.

Organization

- Develop an organizational model that supports the University's mission and strategic initiatives. University XYZ should focus on (1) developing deep subject matter expertise in core spend categories and focusing on strategic sourcing and category management; (2) building a solid foundation across the schools and departments in State XYZ and developing deep relationships with these departments to truly understand their unique needs; and (3) working strategically with other on-shore and global locations to support the Global University.
- Align the Purchasing and Accounts Payable organizations under one leader to ensure strategies are aligned and operations are streamlined across the procure-to-pay lifecycle. This includes, but is not limited to, technology strategies, policy alignment, and operational efficiencies such as travel expense reimbursement.

Operations and Technology

- Develop a cohesive and holistic technology vision for the source-to-settle lifecycle and define and prioritize the technologies needed to support this vision. This should be tied to the Universities ERP direction but should also be evaluated based on near term functional needs such as (1) consolidating the supplier enrollment function within Financial Operations & Treasury, standardizing the process and evaluating technologies to support process automation; and (2) replacing current invoicing solution as the provider will be phasing out this functionality in 12 months.
- Further assess travel and expense management to identify opportunities with a comprehensive program.

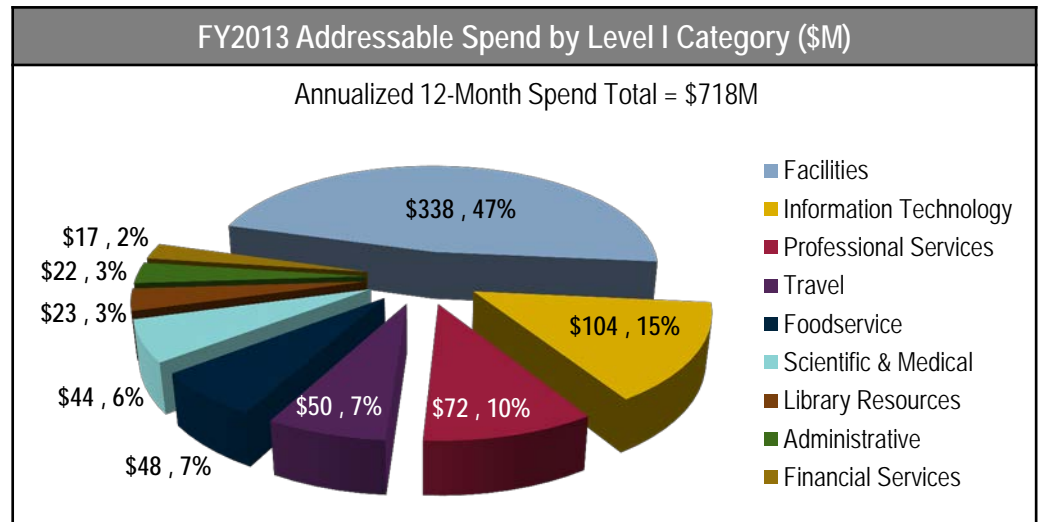
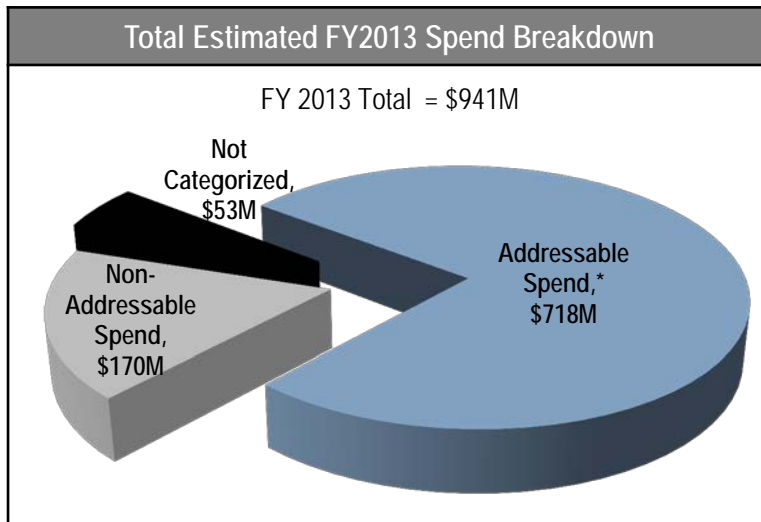
Purchasing and Payment Mechanisms

- Evaluate non-PO spend to understand the volume of business payments and payments to individuals.
- Develop a plan for turning user behavior away from blanket orders and contract orders.

Strategic Sourcing Overview

SPEND ANALYSIS

Huron classified University XYZ AP and P-Card data into addressable and non-addressable spend. Huron then categorized the addressable spend into Level I and Level II categories, and identified potential savings opportunities within select focus Level II spend areas.



Sample FY2013 Addressable Spend by Level II Category (\$M)

(\$'s in 000s)

Huron Category Level I	Huron Category Level II	Est. FY 2013 Spend		
		AP	P-Card	Total
Facilities	Construction	\$182,512	\$0	\$182,512
	MRO Services	76,535	218	76,753
	Utilities	47,402	2	47,404
	Furniture	19,342	12	19,354
	MRO Products	11,852	56	11,908
	Fleet	218	< 1	219
	Facilities Subtotal		\$337,861	\$289

Sample FY2013 Addressable Spend by Level II Category (\$M)

(\$'s in 000s)

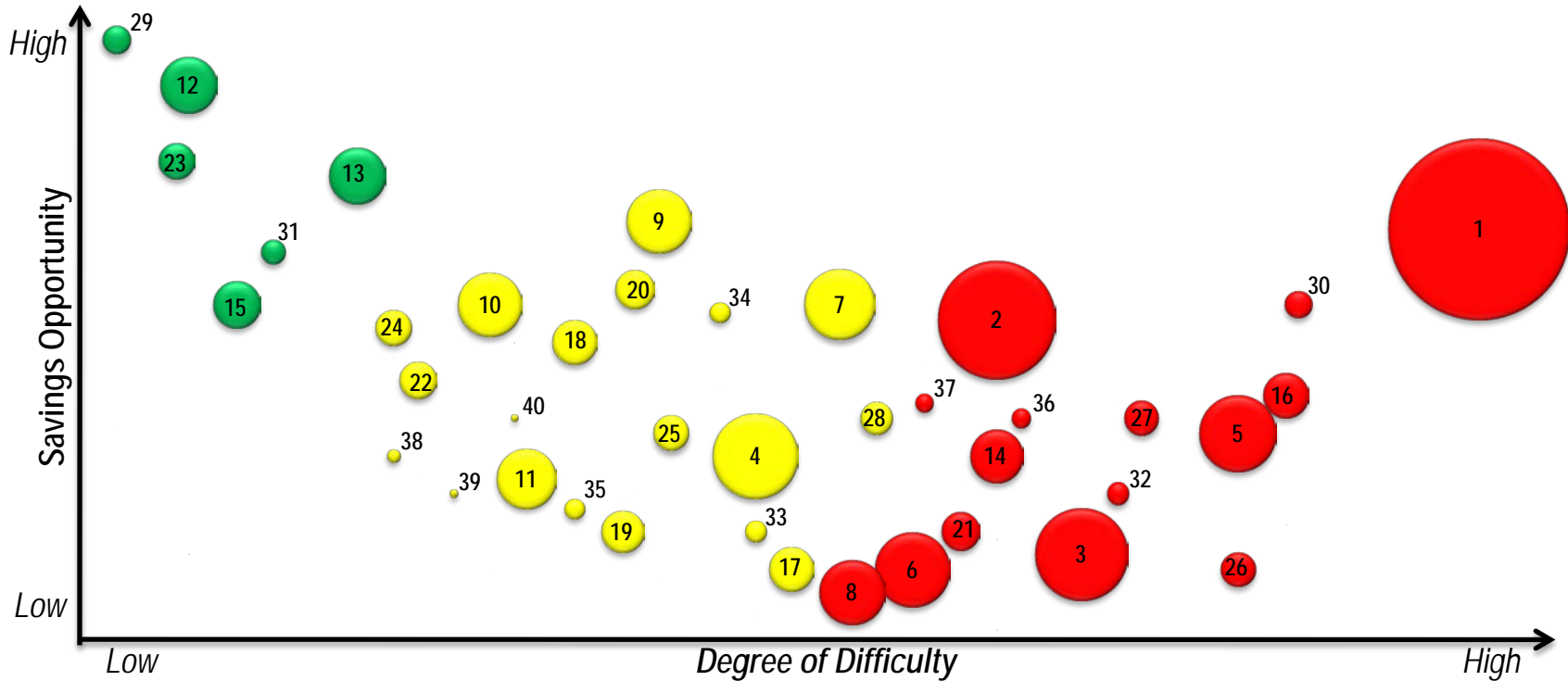
Huron Category Level I	Huron Category Level II	Est. FY 2013 Spend		
		AP	P-Card	Total
Information Technology	IT Services	\$30,795	\$22	\$30,817
	Software	23,073	28	23,101
	Telecommunications	22,158	273	22,431
	Computer Hardware	17,310	161	17,471
	Audio / Visual	6,915	43	6,958
	Imaging Equipment	3,201	-	3,201
	Information Technology Subtotal		\$103,452	\$527

Source: University XYZ AP/P-Card Data, Period: FY 2012 – FY 2013 (data for FY 2013 was annualized) *Note: "Addressable Spend" includes the banking subcategory, all of which is not sourceable

Strategic Sourcing

RANKING INITIATIVES

Various implementation complexity factors were used in evaluating the overall implementation actionable level and priority, including market environment, data availability, change management needed, and savings opportunities.





- | | | | | | |
|----------------------------|--------------------------------|-----------------------------|--------------------------------|----------------------------------|--------------------------------|
| 1 Construction - \$183M | 8 Software - \$23M | 15 MRO Products - \$12M | 22 Catering - \$7M | 29 Office Related Prods. - \$5M | 36 Accounting - \$2M |
| 2 MRO Services - \$77M | 9 Telecommunications - \$22M | 16 Legal - \$11M | 23 Shipping & Logistics - \$7M | 30 Benefits - \$4M | 37 Lab Services - \$2M |
| 3 Utilities - \$47M | 10 Medical Supplies - \$22M | 17 Serials - \$11M | 24 Audio / Visual - \$7M | 31 Imaging Equipment - \$3M | 38 Foodservice Products - \$1M |
| 4 Foodservice Man. - \$40M | 11 Furniture - \$19M | 18 Staffing - \$11M | 25 Lodging - \$7M | 32 General Retail - \$3M | 39 Health Info. Man. - <\$1M |
| 5 Man. Consulting - \$32M | 12 Computer Hardware - \$17M | 19 Books - \$10M | 26 Banking - \$6M | 33 Databases - \$2M | 40 Fleet - <\$1M |
| 6 IT Services - \$31M | 13 Scientific Supplies - \$17M | 20 Document Services - \$8M | 27 Insurance - \$6M | 34 Air Travel - \$2M | |
| 7 Agency - \$27M | 14 Marketing - \$16M | 21 Entertainment - \$8M | 28 Ground Transpo. - \$6M | 35 Clinical Support Svcs. - \$2M | |

Strategic Sourcing

SOURCING WAVES BY PRIORITY

Based on each category's actionable difficulty, savings opportunities, University XYZ goals, priority and sourcing readiness, Huron recommends the following waved strategic sourcing roadmap.

(\$'s in 000s)

Level II Commodity / Service Areas		Est. Annl. Spend	Savings Opportunities	Overall Difficulty	Overall Strategic Sourcing Priority
<i>Strategic Sourcing Wave I</i>	OFFICE RELATED PRODUCTS	\$4,500	High	●	<i>Highest</i>
	DESKTOPS / LAPTOPS	3,264	High	●	<i>Highest</i>
	IMAGING EQUIPMENT	3,201	High	●	<i>Highest</i>
	SHIPPING & LOGISTICS - FEDEX / UPS	2,100	Moderate - High	●	<i>Highest</i>
	IT PERIPHERALS	1,365	High	●	<i>Highest</i>
<i>Strategic Sourcing Wave II</i>	TELECOMMUNICATIONS	\$22,431	Moderate	●	<i>Moderate</i>
	SCIENTIFIC SUPPLIES	17,249	Moderate - High	●	<i>Moderate</i>
	IT ENTERPRISE PRODUCTS	12,842	Low - Moderate	●	<i>Moderate</i>
	DOCUMENT SERVICES	8,045	Moderate - High	●	<i>Moderate</i>
	AUDIO / VISUAL	6,958	Moderate	●	<i>Moderate</i>
<i>Strategic Sourcing Wave III</i>	TRAVEL	\$50,075	Moderate - High	●	
	GLOBAL AIRLINE PARTNER		Moderate - High	●	
	GLOBAL HOTEL PARTNER		Moderate - High	●	
	FOODSERVICE MANAGEMENT & PRODUCTS	40,697	Low - Moderate	●	
	FURNITURE	19,354	Low - Moderate	●	
	MRO PRODUCTS	11,908	Moderate	●	
	CATERING	7,280	Moderate	●	
	SHIPPING & LOGISTICS - INBOUND, GLOBAL	4,996	Moderate - High	●	
<i>Subsequent Strategic Sourcing Efforts</i>	CONSTRUCTION	\$182,512	High	●	
	FACILITIES RELATED SERVICES	124,376	Moderate - High	● / ●	
	PROFESSIONAL SERVICES CATEGORIES	71,935	Moderate	●	
	IT SOFTWARE & SERVICES	53,918	Low	●	
	MEDICAL PRODUCTS & SERVICES	26,516	Low - Moderate	● / ●	
	LIBRARY RESOURCES CATEGORIES	23,123	Low	●	
	FINANCIAL SERVICES CATEGORIES	16,925	Low	●	
	GENERAL RETAIL	2,657	Low	●	
Total Addressable Spend		\$718,227			

Strategic Sourcing

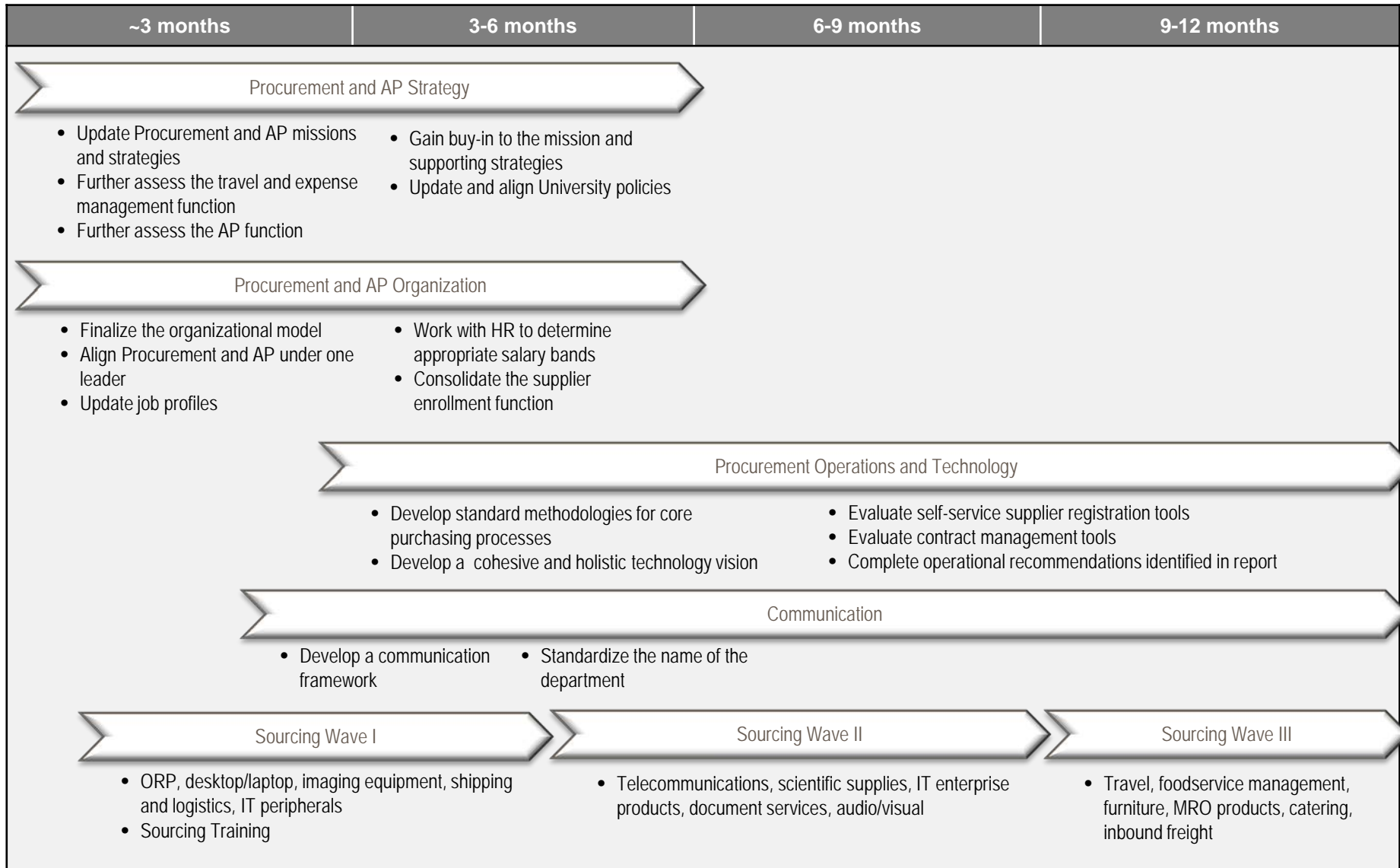
ASSESSMENT AREAS SAVINGS SUMMARY

Based on the categorization and assessment of University XYZ spend, Huron recommends a targeted sourcing approach for 5 spend categories to realize first year cost savings of \$3.0M to \$4.5M +.

(\$'s in 000s)					Estimated Opportunities	
Assessment Focus Areas	Est. Annl. Spend	Key Vendors	Key Opportunities	Actionable Level	Savings % Range	Savings \$ Range
More Commoditized / Less Complex Strategic Sourcing Initiatives						
IT Peripherals - Printers / Accessories	\$4,573	Hewlett Packard, GovConnection, CDW-G	Supplier Consolidation; Improved Mark-Ups Percentages	●	3% - 7%	\$135 - \$320
Office Related Products	4,500	Staples, Paper Mart	Incumbent Supplier Negotiation with Focus on Pricing Improvement	●	14% - 22% One Time	\$630 - \$990 \$1,500 - \$2,000
Computer Desktops / Laptops	3,170	Dell	Pricing Improvement and Increased Adoption of Standardization	●	8% - 13%	\$255 - \$410
Multifunctional Devices	2,800	TGI Office Automation	Standardization Opportunities; Move Away from Minimums	●	12% - 20%	\$335 - \$560
Outbound Shipping	2,065	UPS, FedEx	Supplier Consolidation / Specific Contract Opportunities	●	10% - 16%	\$205 - \$330
Focus Area Subtotal	\$17,108				18% - 27%	\$3,060 - \$4,610
Less Commoditized / More Complex Strategic Sourcing Initiatives						
Travel Management Assessment	\$50,000+	High Spend Agency, Airline, Hotel and Other Travel Vendors	Comprehensive Travel Assessment Design / Build a High Adoption Program; Sourcing Opportunities	●		Moderate to High
Marketing	15,600+	High Spend Vendors in Each Marketing Subcategories	Focus on More Commoditized Subcategories in the Short Term, i.e. Commercial Print, Promotional Items, etc.	●		Moderate Level
Commercial Printing	8,045	Preferred Commercial Printing Providers	Potential Further Preferred Suppliers Consolidation; Assessment / Optimization of Reprographics	●		Moderate to High


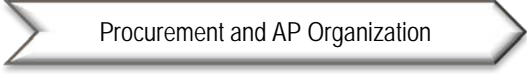
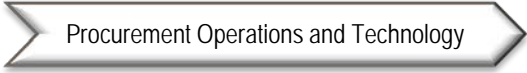


Implementation Roadmap

OVERVIEW



Implementation Roadmap

HURON SUPPORT

Workstream	Support
 <p>Procurement and AP Strategy</p>	<ul style="list-style-type: none"> ▪ Further assess the travel and expense management function ▪ Further assess the AP function ▪ Gain buy-in to the mission and supporting strategies ▪ Update and align University policies
 <p>Procurement and AP Organization</p>	<ul style="list-style-type: none"> ▪ Interim Staffing <ul style="list-style-type: none"> ▪ Director of Procurement ▪ Strategic Sourcing Lead
 <p>Procurement Operations and Technology</p>	<ul style="list-style-type: none"> ▪ Develop standard methodologies for core purchasing processes ▪ Evaluate self-service supplier registration tools ▪ Evaluate contract management tools ▪ Complete operational recommendations identified in report
 <p>Communication</p>	<ul style="list-style-type: none"> ▪ Develop a communication framework ▪ Develop key communications
 <p>Strategic Sourcing</p>	<ul style="list-style-type: none"> ▪ Wave I: ORP, desktop/laptop, imaging equipment, shipping and logistics, IT peripherals ▪ Sourcing Training

Key Findings and Recommendations

STRATEGIES AND METRICS

Key Finding		Observations
1	University XYZ's Purchasing function has an opportunity to define and align its strategies with strategic University XYZ initiatives including the Global University, 2031, and sustainability efforts.	<ul style="list-style-type: none"> Operationally, University XYZ has components of its function that align with strategic initiatives (i.e. Designers supporting the OCM capital project effort in relation to 2031). Strategically, University XYZ has an opportunity to provide thought leadership with respect to developing the Purchasing function, competencies and business models to support each of these University initiatives long-term.

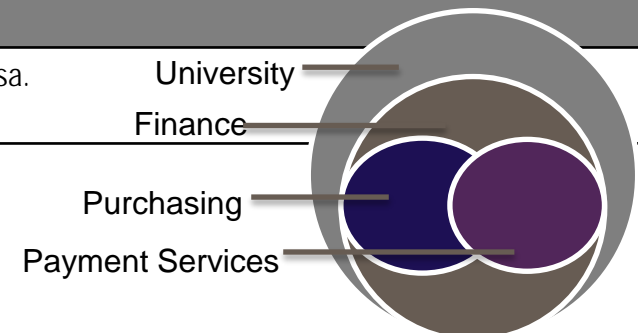
Recommendations

1	<ul style="list-style-type: none"> Update Finance, Purchasing and Payment Services' mission statements to align with the larger University mission statement and relevant University initiatives including Space Priorities, Strategic Plan 20XX, Sustainability, Diversity and Global Education.
2	<ul style="list-style-type: none"> Develop Purchasing and Payment Services strategies that align with their respective mission statements. See following slides for details.

Key Finding		Observations
2	Purchasing strategies do not connect with the larger vision for Financial Operations & Treasury and continuous improvement tactics have been designed and implemented in a vacuum.	<ul style="list-style-type: none"> Purchasing recently transitioned into the Finance organization. Technology historically has been viewed as a strategy but is not a strategy. Technology should be used to reinforce and automate processes in alignment with University XYZ's overarching strategies and business drivers. Category and related catalog enablement strategies are not defined or connected to a larger purchasing strategy at the University.

Recommendations

3	<ul style="list-style-type: none"> Develop Purchasing strategies that align with Payment Services strategies and vice versa. See following slides for details.
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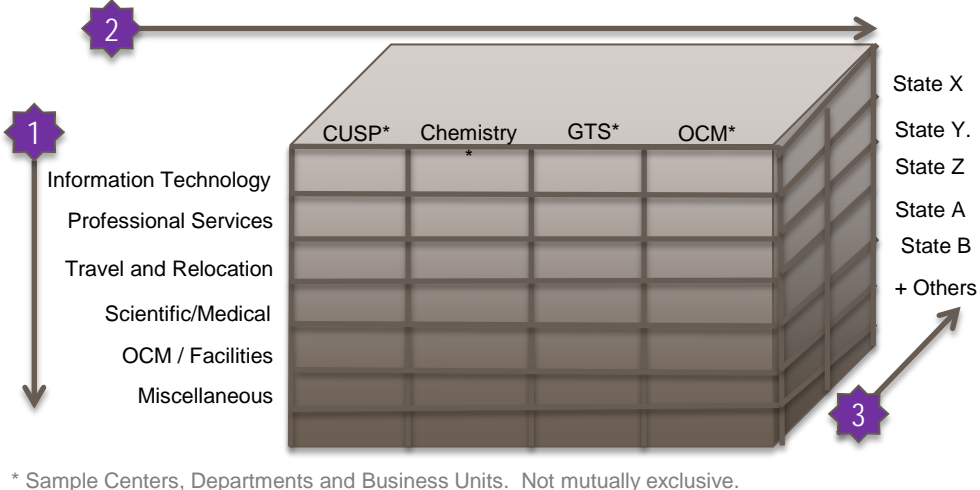
Key Findings and Recommendations

ORGANIZATIONAL STRUCTURE, ROLES AND COMPETENCIES

Key Finding		Observations													
5	University XYZ has an opportunity to move from a more traditional organizational model to a best-in-class organizational model.	<table border="1"> <tr><th>Traditional</th></tr> <tr><td>Transactional</td></tr> <tr><td>Distributed Resources</td></tr> <tr><td>Dispersed Commodity Expertise</td></tr> <tr><td>Focus on Quotes/Bids</td></tr> <tr><td>Limited Analysis</td></tr> </table>	Traditional	Transactional	Distributed Resources	Dispersed Commodity Expertise	Focus on Quotes/Bids	Limited Analysis	<table border="1"> <tr><th>Best In Class</th></tr> <tr><td>Strategic</td></tr> <tr><td>Center-Led Resources</td></tr> <tr><td>Focused Commodity Expertise</td></tr> <tr><td>Strategic Sourcing/Best Value Focus</td></tr> <tr><td>Comprehensive Analysis</td></tr> </table>	Best In Class	Strategic	Center-Led Resources	Focused Commodity Expertise	Strategic Sourcing/Best Value Focus	Comprehensive Analysis
Traditional															
Transactional															
Distributed Resources															
Dispersed Commodity Expertise															
Focus on Quotes/Bids															
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Best In Class															
Strategic															
Center-Led Resources															
Focused Commodity Expertise															
Strategic Sourcing/Best Value Focus															
Comprehensive Analysis															
Recommendations															
❖	<ul style="list-style-type: none"> Develop an organizational model that supports the University's mission and strategic initiatives. 														
9	<ul style="list-style-type: none"> Create professional development plans per resource to support the migration from a transactional to a more strategic organization. Professional development plans should be based on re-established job profiles. Identify current competencies per role and create training plans to bridge the gaps in current versus required competencies per role. 														
10	<ul style="list-style-type: none"> Develop subject matter expertise in specific spend categories and across University XYZ departments, centers and auxiliary functions to advance credibility through enhanced customer value, and work towards a center-led purchasing organization. Subject matter expertise also includes having a deep and thorough understanding of respective categories including but not limited to understanding market trends, identifying and including local/diverse suppliers and understanding demand trends across University XYZ departments, centers and auxiliary functions. 														
11	<ul style="list-style-type: none"> Develop standard methodologies for core purchasing processes including spend analysis, strategic sourcing, and contract management. University XYZ should first focus on developing methodologies for spend analytics and strategic sourcing to identify opportunities and strategies, and negotiate best value contracts. The initial goal is to gain quick wins on key commodities to advance credibility with departments and start to move the organization towards best in class. 														

Key Findings and Recommendations

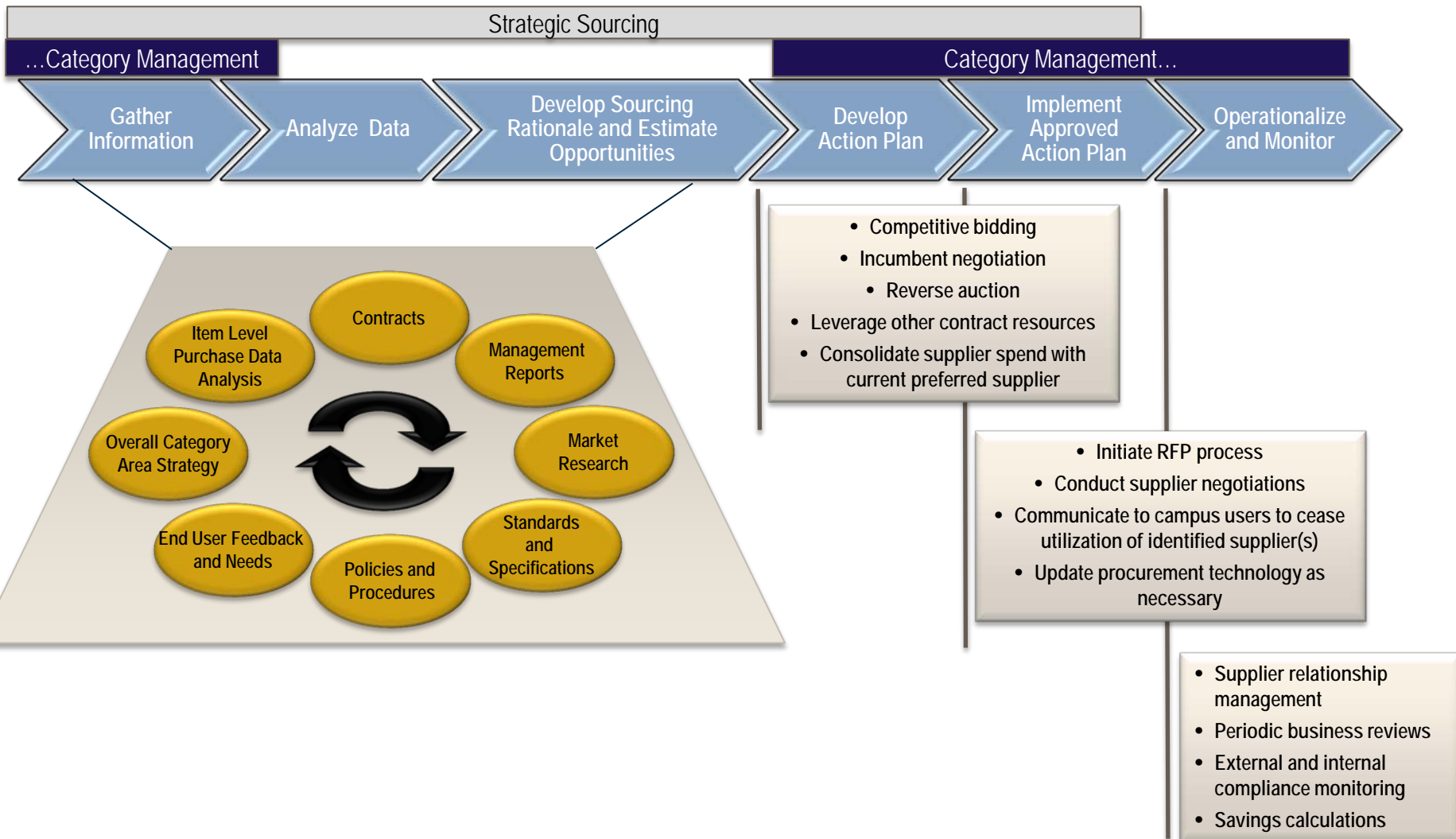
ORGANIZATIONAL STRUCTURE, ROLES AND COMPETENCIES CONTINUED

Key Finding		Observations
6	The current Purchasing organizational structure is functional, but sub-optimal.	<ul style="list-style-type: none"> The functional makeup of the Administrative Services segment is incongruent and includes an array of functions such as special projects, iBuy management, spend analytics, asset management, sustainability, and marketing/communications. Clerical staff do not have a purchasing threshold, so requisitions need additional touches. Interviews indicated a disconnect between strategic and operational resources. For example, one Assistant Procurement Officer received several service renewal requests at the same time an RFP for those same services was being conducted, however s/he was unaware of the RFP process and how to manage the renewal requests in the meantime.
Recommendation		
❖	<ul style="list-style-type: none"> Develop an organizational model that supports the University's mission and strategic initiatives. University XYZ should focus on (1) developing deep subject matter expertise in core spend categories; (2) building a solid foundation across the schools and departments in State XYZ and developing deep relationships with these departments to truly understand their unique needs; and (3) working strategically with other on-shore and global locations to support the Global University. 	 <p>* Sample Centers, Departments and Business Units. Not mutually exclusive.</p>
12	<ul style="list-style-type: none"> Align the Purchasing and Accounts Payable organizations under one leader to ensure strategies are aligned and operations are streamlined across the procure-to-pay lifecycle. This includes but is not limited to technology strategies, policy alignment, and operational efficiencies such as travel expense reimbursement. 	

Strategic Sourcing Program

METHODOLOGY AND APPROACH

An effective strategic sourcing program should include key components such as a standard methodology, dedicated resources, resource development, and collaboration with purchasing, accounts payable, key stakeholders, and end users.



Key Findings and Recommendations

ORGANIZATIONAL STRUCTURE, ROLES AND COMPETENCIES CONTINUED

Key Finding		Observations
7	Purchasing has an opportunity to clearly define and communicate roles and responsibilities within the organizational structure.	<ul style="list-style-type: none"> Interviews suggested that campus constituents were unclear on the roles and responsibilities of Purchasing leadership. Interviews indicated that end users did not know who to call with purchasing or AP related questions and that one would typically point to the other with respect to who was best to troubleshoot the problem. At the time of this report, Finance was in the process of implementing ServiceLink for levels 1-3 helpdesk support to streamline administrative support. Interviews indicated there is a disconnect between the explanation of the organizational chart and the reality of the organization's roles and responsibilities. Nearly every Purchasing resource felt there was ambiguity in their current positions and in others' positions as well. Purchasing job descriptions are misaligned with job titles and are misrepresentative of the actual function, position responsibilities, or a combination thereof. An example of one of these misalignments is on the following slide.
8	Customer feedback indicated that competencies critical to University XYZ Purchasing functions are, on average, moderately evident to campus constituents.	<ul style="list-style-type: none"> Huron collected data from campus constituents based on competencies deemed important to University XYZ Purchasing. Those competencies are listed on subsequent slides. Huron independently evaluated Purchasing staff members based on these competencies. The aggregate of those evaluations was compared to campus constituent responses. Please note: Huron's competency evaluations were based on limited interactions with Purchasing staff members.
Recommendations		
13	<ul style="list-style-type: none"> Update job profiles to align with roles and responsibilities within the new organizational structure. Job titles should also be updated to be more consistent with functions. 	
14	<ul style="list-style-type: none"> Work with HR to determine appropriate salary bands per role and define plans for transitioning resources to new functions within the organization. Work with HR to develop an internal communication plan to communicate the new organizational structure and redefined job profiles with the collective team and with individual team members, respectively. 	

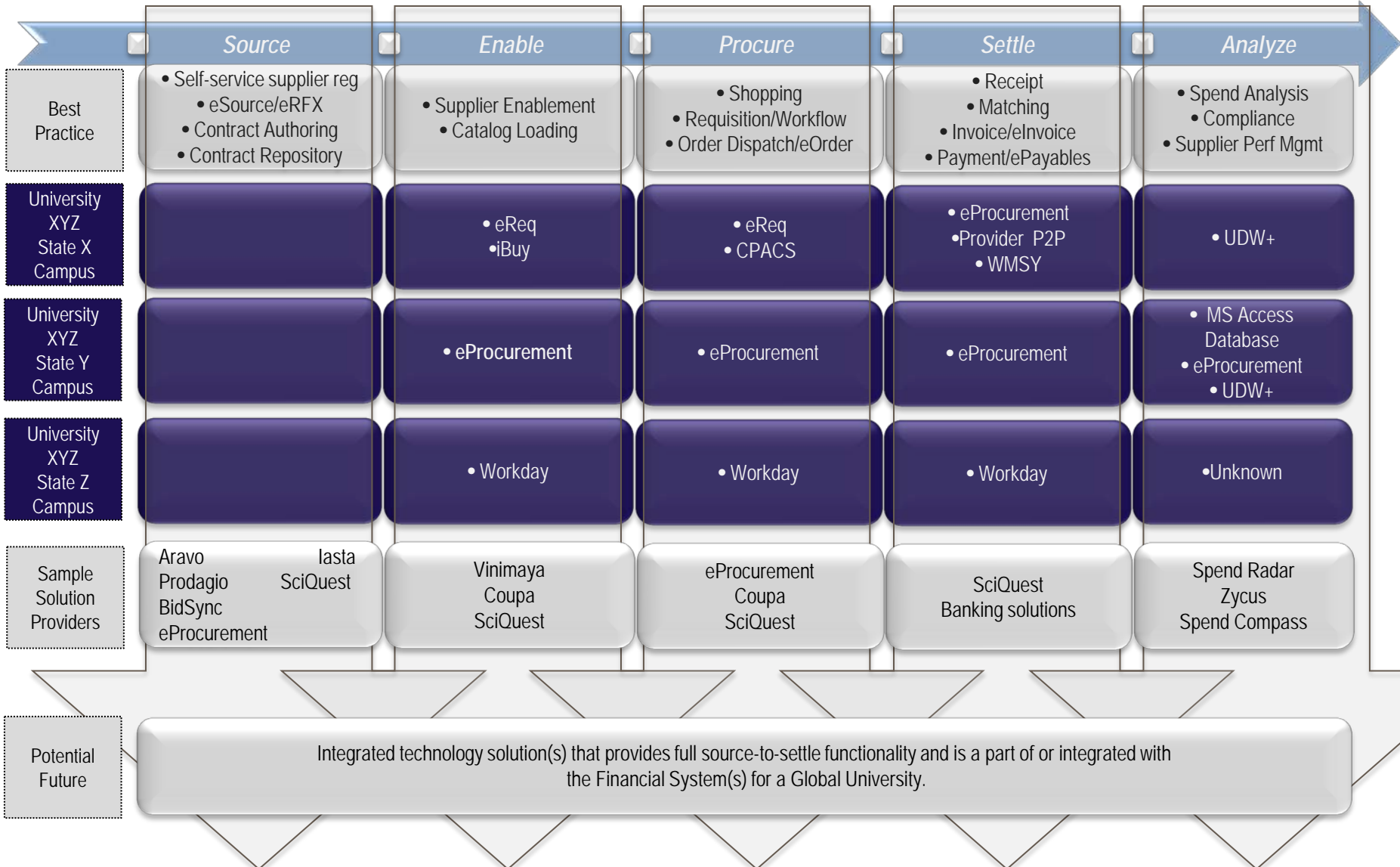
Key Findings and Recommendations

OPERATIONS: PROCESSES AND SUPPORTING TECHNOLOGIES

Key Finding		Observations
10	University XYZ is missing critical procurement technologies to support a robust source-to-settle solution for both University and a Global University.	<ul style="list-style-type: none"> ▪ No decision has been made regarding Financial systems for the mid and long terms at University XYZ. This has an impact on the ability to define an integrated procurement system strategy. ▪ University XYZ does not have a self-service supplier registration portal to streamline supplier enrollment and vetting processes, report on “green” suppliers or support supplier performance management. ▪ University XYZ is lacking a proprietary or licensed electronic sourcing tool: University XYZ currently uses ProcureX for reverse auctions at approximately \$3k per event. ▪ University XYZ does not have a contract management system, so critical components of the contract management lifecycle are absent. <ul style="list-style-type: none"> ▪ Assistant Procurement Officers are unsure if University XYZ is getting the contracted rate. ▪ Two-thirds of survey respondents did not know where to find University contracts. Of those who knew where to find University contracts, the Purchasing website was cited as the location, but the ability to identify and understand contract content was unclear. ▪ eReq does not support certain types of payments such as business payment forms or payment to individuals forms. These forms are completed offline and manually routed for approval. ▪ eReq does not have multi-currency functionality. ▪ University XYZ currently does not have an imaging system such as ImageNow or OnBase. ▪ University XYZ has some use of eInvoicing through the provider. eInvoicing provides great value in eliminating the need to manually key in invoices. ▪ Advanced spend analytics tools are not currently being utilized by University XYZ.
Recommendations		
25	<ul style="list-style-type: none"> ▪ Develop a cohesive and holistic technology vision for the source-to-settle lifecycle and define the technologies needed to support this vision. This vision may include identifying and leveraging best-of-breed solutions to integrate with multiple ERPs around the globe to provide a consistent platform for the source-to-settle function or components of the source-to-settle function. 	
26	<ul style="list-style-type: none"> ▪ Prioritize technology needs based on the future technology landscape for Financial systems at University XYZ. 	
27	<ul style="list-style-type: none"> ▪ Communicate the future state technology vision, prioritization and plan to key campus constituents as a part of the communication plan for Procurement. 	

Recommendation 25

TECHNOLOGY LANDSCAPE



Recommendation 25

CORE PROCUREMENT TECHNOLOGY OPTIONS

Potential Core Procure-to-Pay Technology Options

Leverage eProcurement ePro

- University instance of eProcurement ePro is hosted in State XYZ.
- Transition from eReq to the eProcurement ePro application for core procurement functionality including requisition creation and requisition workflow.
- IBuy could still be leveraged as a platform for catalog shopping.
- Evaluate the use of eSettlement to streamline the invoicing, receiving and matching processes.
- University XYZ could evaluate the use of optical character recognition (OCR) and/or lockbox functionality through one of their banking institutions.

Expand SciQuest capabilities

- Utilize more of SciQuest's functionality including Requisition Manager and Spend Director Enterprise for requisition creation, requisition workflow and contract management, respectively.
- iBuy (as a part of Spend Director Enterprise) could still be leveraged as a platform for catalog shopping.
- Evaluate the use of AP Director to manage electronic invoices in a more streamlined and scalable way. AP Director also has optical character recognition (OCR) and lockbox functionality that could provide additional AP automation.

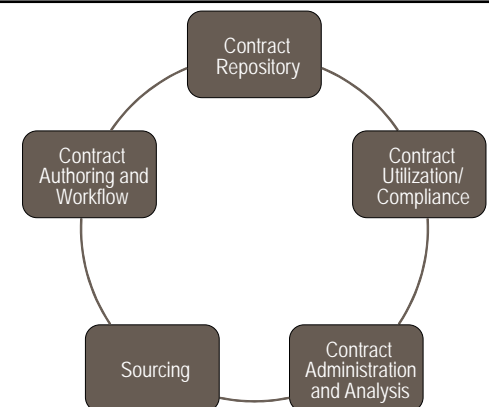
Evaluate Future Workday capabilities

- If Workday is being evaluated for Financials in the future (since University XYZ is moving to it for expense reimbursement), appraise their eProcurement capabilities including purchasing and settlement functionality.
- Core functionality to evaluate should include:
 - Shopping
 - Requisition creation
 - Requisition approval
 - Commitment Control
 - Invoice entry/eInvoicing
 - Receiving
 - Matching
 - Contract Management

Key Findings and Recommendations

OPERATIONS: PROCESSES AND SUPPORTING TECHNOLOGIES

Key Finding		Observations
13	The Purchasing contract process is inconsistent and inefficient.	<ul style="list-style-type: none"> The criteria for when to involve General Counsel and Risk Management is undefined. There is not a consistent process for departments to engage Purchasing in the contract lifecycle or clear understanding as to when a contract versus a PO with corresponding terms is required. The delegation of authority for contract signature was generally "known" but not documented. Deans, Department Heads, etc. feel empowered /responsible to sign purchase agreements independent of Purchasing review.
Recommendations		
33	<ul style="list-style-type: none"> Develop a standard contract template and/or contract clause library for varying types of contracts in conjunction with General Counsel and Risk Management. This will reduce the amount of time needed for General Counsel and Risk Management to review contracts and will reduce the time to final contract execution with suppliers. The goal would be to have a Master Services Agreement in place with key suppliers and tie supporting SOWs, agreements and/or purchase orders to the Master Services Agreement. 	
34	<ul style="list-style-type: none"> Define and document what a contract is (versus a PO), when a contract is needed, who has the ability to sign a contract, and contract approval workflows with General Counsel, Risk Management and Departments. Contract approval workflow will need to be a manual process as (at the time of this report), University XYZ did not have a contract management tool with contract authoring and workflow capabilities. 	
35	<ul style="list-style-type: none"> Communicate the newly defined contract authoring and approval workflows to key campus constituents. 	
36	<ul style="list-style-type: none"> Evaluate contract management tools to support the entire contract management lifecycle. Ideally, the University would leverage a single, contract management tool as the centralized repository for procurement and non-procurement contracts. This technology would provide visibility of procurement contracts and spend against those contracts to reinforce the University's strategic sourcing and spend management efforts and should be accessible in the eProcurement system(s) for end users to be able to search for and purchase from these contracts. Emptoris, Prodiagio and SciQuest have contract management capabilities. Some ERPs have these capabilities as well. 	



Strategic Sourcing Assessment

ENGAGEMENT ASSESSMENT FOCUS AREAS

The following focus commodity and service areas were selected for the strategic sourcing assessment based on University XYZ's commodity area spend, overall actionable level spend, and University XYZ's sourcing interests.

(\$'s in 000s)

Assessment Focus Areas	Est. Annl. Spend	Key Vendors	Overall Actionable Level	Data Requested
Travel Management Assessment	\$50,075	Category Approach - High Spend Agency, Airline, Hotel and Other Travel Vendors	●	AP Data
Marketing	15,562	Category Approach - Subcategories, High Spend Vendors	●	P-Card / T-Card Data
Document Services - Commercial Printing	8,045	Category Approach - Preferred Commercial Printing Providers	●	Contract Documents
IT Peripherals - Printers / Accessories	4,573	Hewlett Packard, GovConnection, CDW-G	●	UDW+ Transactional Data
Office Related Products	4,500	Staples, Paper Mart	●	iBuy Transactional Data
Computer Desktops / Laptops	3,170	Dell	●	Supplier Transactional Data
Multifunctional Devices	2,800	TGI Office Automation	●	Supplier Reports
Outbound Shipping	2,065	UPS, FedEx	●	Key Stakeholders Interviews
Focus Area Subtotal	\$90,790			

Multi-Functional Devices (MFD) Business Case

MFD Commodity Area Overview

Industry and University XYZ Perspectives

A multifunctional device (MFD) is an office machine that incorporates functionality of multiple devices in one, often including a combination of printing, copying, faxing, and scanning to e-mail, and also have a smaller office footprint..

MFD Industry Perspectives

- A relatively competitive market consisting of international manufacturers, national, regional as well as local distributors
- When managed well, an MFD program can help the university consolidate and direct document output traffic, eliminate unnecessary individual machines, and reduce carbon footprint
- A multitude of cost structure options are available in the market, which can make understanding cost drivers / comparing agreements difficult; options include:
 - Equipment Options: purchase, rent, capital lease and operational lease
 - Maintenance Options: monthly minimums, actual usage
 - Other: combined CPP including equipment and service
- Life cycle for equipment is usually 36-60 months or longer if it is purchased upfront
- Trend towards cost per page (CPP) contracting empowers clients to avoid overpaying for minimums or “allowances”; conversely, this forces suppliers to embed more costs in leases and equipment
- There has been an increased interest in “Managed Print Services” which is an all-encompassing solution combining hardware, such as MFDs, with printers and software solutions to provide a complete supplier managed service that covers all document production

University XYZ Perspective

- MFDs were among the commodity areas for which Huron conducted initial sourcing opportunities assessment in 2013
- University XYZ’s master agreement with MFD Supplier is a sole source, 60-month, non-cancelable, non-amendable, CPP contract for University XYZ’s fleet of MFDs. All upgrades, replacements, and new machines are on separate, non-conterminous contracts paying the master agreement CPP
- Due to the contractual rigidity of the agreement, complaints and dissatisfaction have surfaced in many areas including purchasing, accounts payable, and campus departments
- University XYZ has a utilization rate of approximately 69% of the contractual volume minimum pages, resulting in significant payments to MFD Supplier for prints and copies never produced
- Currently there isn’t any guidance or support provided to departments for new machine selection or existing machine optimization; end users have the freedom to choose any machine, contributing to University XYZ having a very diverse fleet distribution and over-buying of production capability / underutilization
- Assessment indicates opportunities exist in establishing a fleet of standardized B/W and Color MFDs based on University XYZ requirements to better satisfy user needs and generate cost savings
- Lack of overall image equipment strategy and printer management contributes to the underutilization of the MFD fleet

Overview of Progress to Date

Huron Assessment ➤ University XYZ Internal Progress ➤ MFD

After Huron presented the recommended sourcing strategies post the initial assessment, University XYZ led the MFD initiative and had various conversations with the vendor and other University XYZ entities prior to Huron's current involvement.

Huron High Level Assessment 2013 – Summary Recommendations

- Identify all current pain points and improvements needed in preparation for contract renegotiation or competitive sourcing process
- Request / receive MFD Supplier fleet inventory report with actual usage to understand needs
- Develop a suite of standardize equipment / incorporate optimization assessment
- Move away from volume minimum contract and move towards one based on actual usage

Price Reduction + Core List Consolidation

- University XYZ initiated conversation with internal stakeholder groups, including IT, AP, and key campus users to share Huron's assessment findings and gather feedback
- Engaged MFD Supplier and Ricoh in renegotiation conversations, for a time jointly with University XYZMC, before University XYZ decided to reengage Huron and University XYZMC to go forward with the proposal
- MFD Supplier submitted an initial proposal that reduced the minimum commitment and presented an estimated cost savings of \$860K annually to University XYZ

Huron Business Case Analysis and Strategy Recommendation

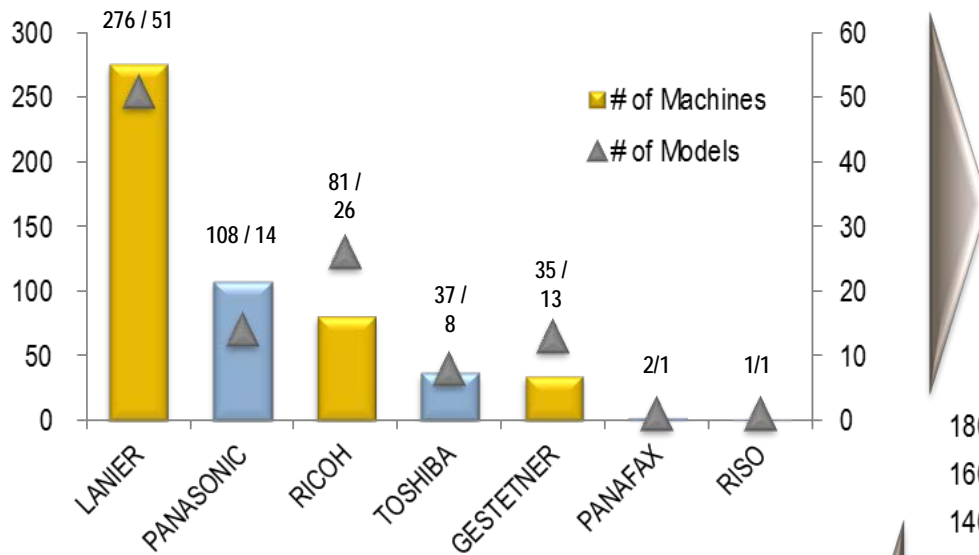
- Huron was reengaged by University XYZ in February 2014 tasked with the objective to validate MFD Supplier's initial proposal, identify areas of improvement / further cost savings, and recommend sourcing strategy, considerations and next steps
- Working with the University XYZ MFD workstream lead, Huron gathered additional data from MFD Supplier, analyzed their initial proposal, drafted and sent out a customer satisfaction survey, reconnected with AP and IT stakeholders, and incorporated the findings and considerations in formulating the suggested sourcing strategy and next steps

Overview of Progress to Date

University XYZ Current Fleet Overview

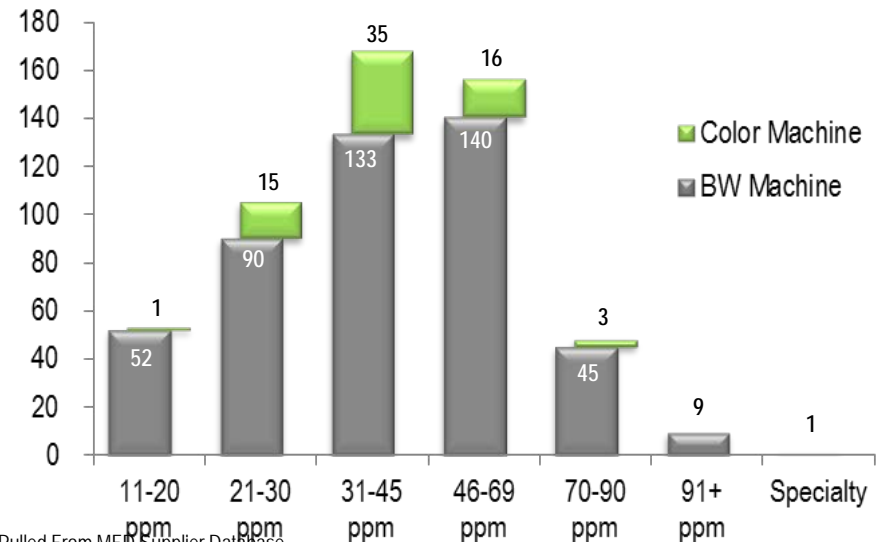
Due to a lack of standardization and optimization efforts, the University XYZ fleet consists of machines from many different manufacturers and models; industry best practice is to have a standardized suite of 7 to 10 equipment models.

Fleet Distribution – Brand vs. Models vs. # of Machines – 540 Sample Size



- Machines with speed ranges between 31 and 69 ppm account for approximately 60% of the overall fleet
- Machines with higher speed and production capacity (ppm > 45) account for 40% of total fleet
- 83% of the University fleet are BW machines
- 27% of fleet machines were installed prior to 2008; 23 new machines have been installed during the first half of 2013

- As of June 2013, the University XYZ fleet consists of 591 machines from 7 manufacturers/brands and over 114 different models; a very diverse fleet even by Higher Education standards
- Lanier is the dominant brand on the University campus, making up >50% of total machines and >45% of the total models



MFD Supplier Proposal Summary

Current State vs. Proposal Highlights

Recognizing the deficiencies of the current master agreement with University XYZ, MFD Supplier proactively suggested various cost savings and program improvement solutions in their initial proposal to the University in December 2012.

Program Components	Current State University XYZ	MFD Supplier Initial Proposal – Including Poly Buyout
Pricing Type	CPP covering all equipment, service, supplies, manpower across a wide range of brands	1) 60 mos. machine rental; 2) service added cost based on machines including maintenance, supplies, and software
B/W Monthly Minimums	Fixed 11.6 million pages a month, underutilized	8 million/month ; overage billed/under usage credited at \$0.0025
Color CPP Charges	Billed on a quarterly basis at \$0.0700 per page	Billed on a quarterly basis at \$0.0500 per page
Non-Coterminous Contracts	All new / upgraded machines have contracts outside of the original Master Agreement	Relief of ~\$1.1M of remaining contractual payments after Master Agreement expiration
Contract Minimum Underutilization	3.6 million pages paid but not used each month; ~\$65,600 over payment each month	Credit for 50 million underutilized pages at \$0.0024 per page, or a credit of \$2,000 for 60 mos.
Actual Usage Reporting	Not provided to departments; very little understand of actual usage	Will install MPS software at no additional charges to track and control printing at department level
Service Support	8 people on-site support team	8 people team will remain in place; 98% uptime
Other Proposal Items		<ul style="list-style-type: none"> ▪ Migrate prints from printers to MFD; provide CPP program for remaining stand alone printers ▪ Install Card Readers on all devices ▪ Install software (@remote) to provide centralized monitoring/mgmt. including web-based fleet reporting, toner/service alert, meter reading, etc.

MFD Supplier also proposed to replace 85% of the current fleet, which are of machines >3 yrs., with new Ricoh equipment.

MFD Supplier Proposal Analysis

Financial Impact Overview

MFD Supplier stated that they are proposing an annual cost savings of \$861K to University XYZ in their initial proposal through lowered equipment cost, reduced minimum usage, decreased Color CPP, and current contract underutilization credits

MFD Supplier Calculated Monthly Savings for University XYZ

NYU / Poly Current Spend	\$230,328
Proposed New Spend	160,563
Monthly Under-unitization Credit	(2,000)
Total Monthly Savings	\$71,765
Total Annual Savings	\$861,175

Financial Breakdown of MFD Supplier New Proposal – Monthly

Cost Component Description	Total Cost Analysis	Total CPC Analysis
Equipment Cost	\$87,603	\$0.0110
<i>Monthly Maintenance Cost - 8M Minimum Pages Allocation</i>		
Break / Fix Labor (8 Technicians)	\$43,000	\$0.0054
Aftermarket (Parts, Toner, Staples)	20,000	0.0025
Polytech Buy-Out	1,500	0.0002
Authentication Software Services, Support	6,460	0.0008
<i>Monthly Maintenance Subtotal</i>	<i>\$70,960</i>	<i>\$0.0089</i>
Total Proposed New Spend	\$158,563	\$0.0198
Maintenance CPC Labor + Parts Only	\$0.0079	
Huron Experience Range	\$0.0047 - \$0.0060	

- As part of the initial MFD contract renegotiation collaboration between University XYZ and University XYZMC, MFD Supplier leveraged both institution's fleet size to negotiate improved costs for Ricoh equipment and offer both institutions the Super Major Account (SMA) Pricing
 - University XYZ, University XYZMC, MFD Supplier, and Ricoh were all part of the conversation regarding the institutions' standardization on Ricoh brand equipment
- MFD Supplier provided a comprehensive line item proposal savings calculation for University XYZ and University XYZ Poly's contract buy-out
- The SMA pricing was also benchmarked against the E&I agreement to illustrate the competitiveness of the newly proposed pricing – current University XYZ pricing is higher than E&I

- The savings summary provided by MFD Supplier calculated equipment and maintenance costs separately, and also provided a breakdown of maintenance charges after the application of the \$2,000 monthly underutilization credit
- Authentication Software Services and Support is listed as a component of maintenance costs but MFD Supplier proposed that the MPS software would be installed free of charge to University XYZ; clarification is needed for this item
- While demonstrating overall savings, the calculated cost per page actually increased from the current \$0.0182 to ~ \$0.0198, or a 9% increase in cost

MFD Supplier Proposal Analysis

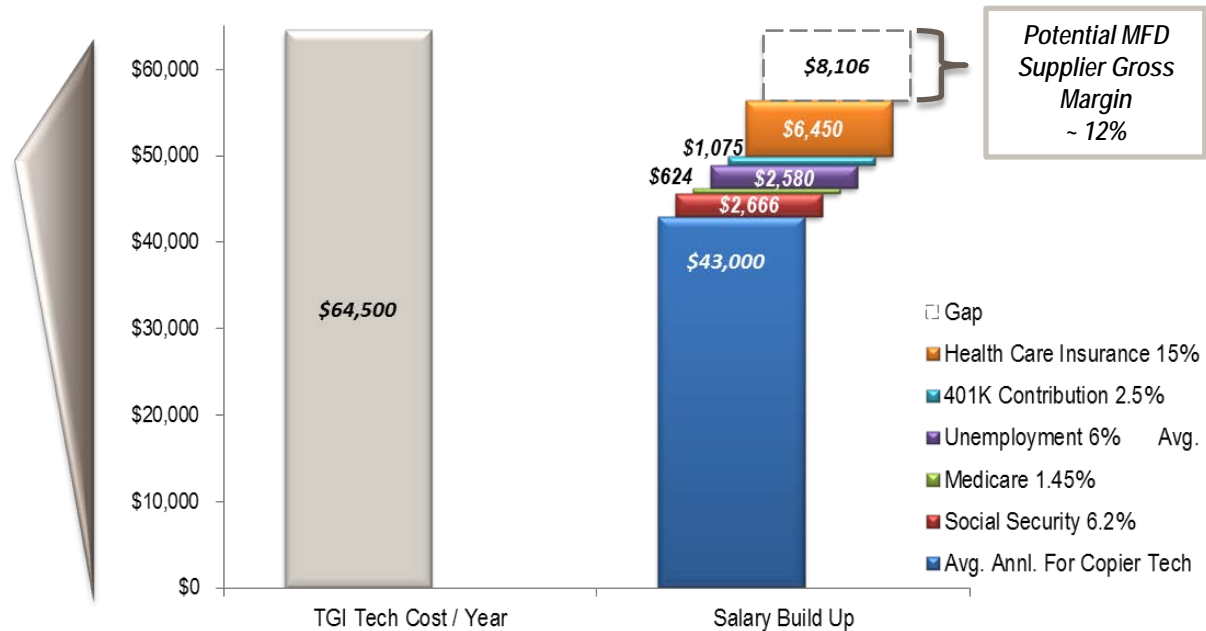
Labor – Technician Cost Analysis

The maintenance cost component is calculated based on a total of 8 million monthly minimum pages allocated out to each department based on equipment selection, 60% of the total maintenance cost is for the 8 on-site technicians.

MFD Supplier Labor Cost / Copier Technician Salary Breakdown Analysis – Illustrative Only

Monthly Technician Fee	\$43,000
Total Annl. Fee	\$516,000
Annl. Fee / Technician	\$64,500

- Per MFD Supplier’s proposal summary, University XYZ will be paying \$43,000 per month for the proposed 8 on-site technicians providing break/fix services
- Multiplied by 12, this translates into an annual total of \$516,000 for technician labor cost, the equivalent of \$64,500 annually per on-site technician
- Converted to CPC, University XYZ will pay \$0.0054 per page for break/fix labor, in Huron’s experience this is almost as much as the entirety of maintenance cost; it is worth keeping in mind that cost of living is much higher in State XYZ



Potential MFD Supplier Gross Margin ~ 12%

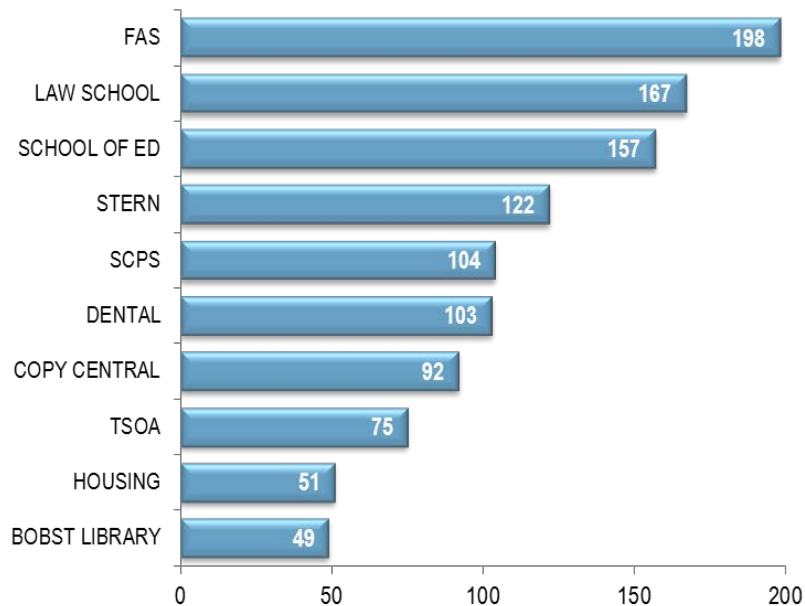
- To better understand the cost of labor for the MFD Supplier technicians, Huron conducted an illustrative cost build up analysis using average salary for copier technician in State XYZ and then factored in all the insurance and benefits that employers are obligated to pay
- The analysis suggests that MFD Supplier yields approximately 12% in gross margin (including operating overheads) for each technician, which is not exorbitant based in market research

MFD Supplier Proposal Analysis

Maintenance Service Level (1 of 3)

MFD Supplier technicians service over 590 machines within 90+ University XYZ schools and departments at over 130 different addresses which are spread across State XYZ.

of Service Calls per Top 10 University XYZ Location – 6
Mos. Data



- Overall, a total of 1,834 issues with MFD Supplier machines were called in and addressed during the 6 month sample period
- The top 10 schools / units with the most MFD issues listed also operates the highest number of machines
- Together the top 10 schools account for approximately 61% of total fleet maintenance issues; they also account for ~60% of total machines on campus

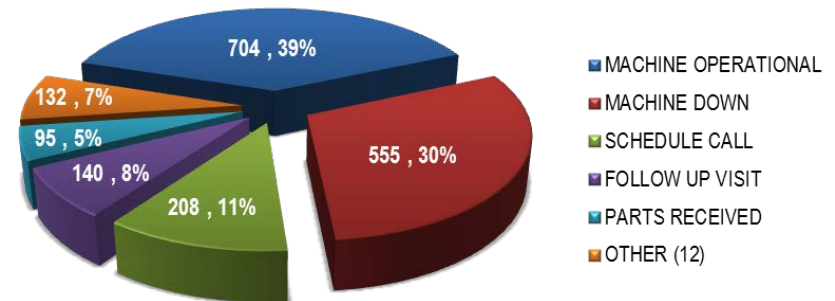
MFD Supplier Proposal Analysis

Maintenance Service Level (2 of 3)

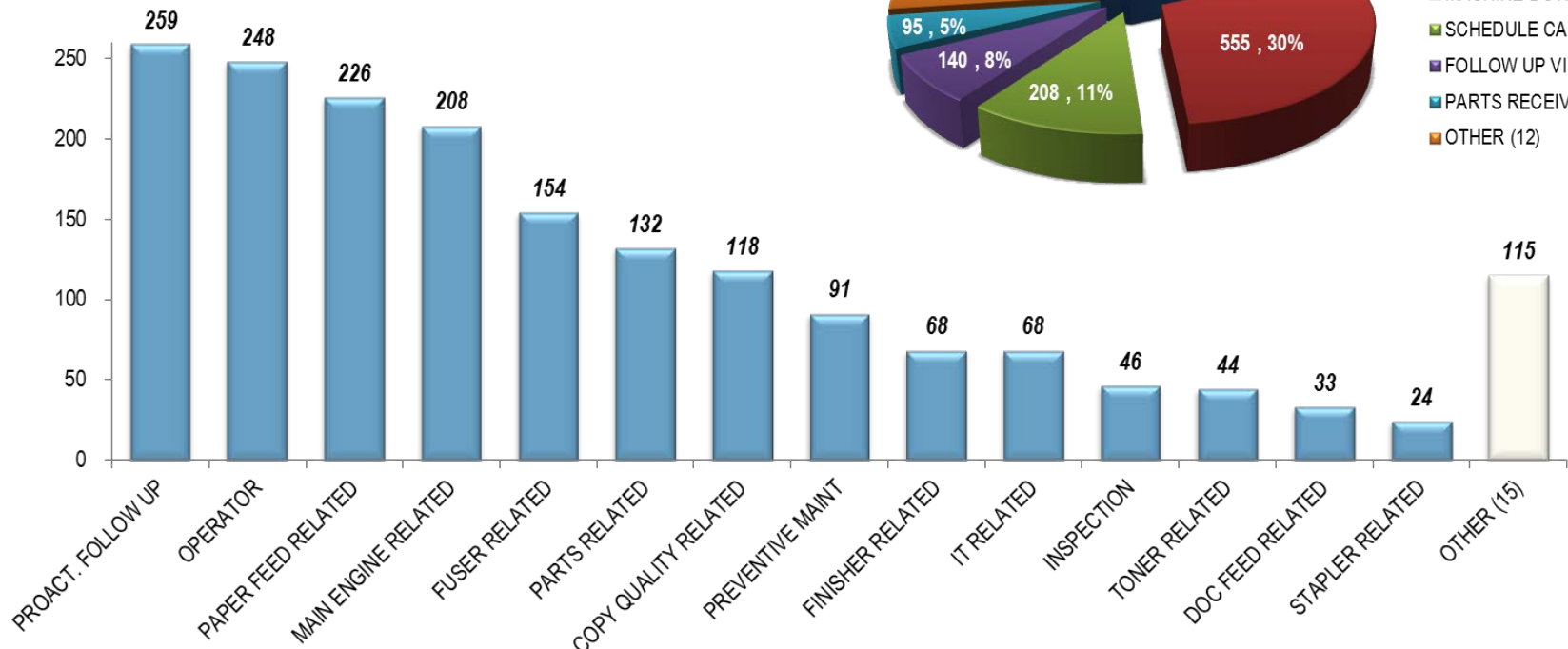
For service log line items with response time data, analysis shows that the average time between issue call-in and response is ~3.28 hours, and the average time between response and issue resolution is approximately 1.48 hours.

- Analysis indicates that the most frequent reasons for service calls are related to operational issues and down machines, accounting for ~70% of all calls
- Proactive follow-up, operator related, paper feed related, and main machine engine related fixes are the common solutions, accounting for 51% of issues

Types of Machine Maintenance Issue Calls



Solutions to Maintenance Issues Called-In



MFD Supplier Proposal Analysis

Maintenance Service Level (3 of 3)

While the contract specifies that 8 on-site full time technicians are allocated to the University account, maintenance report analysis shows that over 30 MFD Supplier technicians have performed some level of work on University XYZ machines.

Top University XYZ Issue Resolution Technicians

Technician Names	# of Issues Addressed	% Addressed
Joseph H Meditz	343	19%
Peter J Rupert	279	15%
Ewart L Johnny	269	15%
Bhoupal Ramharrack	260	14%
Gino E Morales	235	13%
Rajendra Ramdat	125	7%
Naeem Ahmad	115	6%
>100 Issue Address Subtotal	1,626	89%
Other (25 Names)	208	11%
Total Issues Addressed	1,834	100%

- While there are schools and units that each of the main University XYZ technicians seem to concentrate their services for, analysis indicates that no individual technician is solely dedicated to one school or department
- Analysis indicates that on average, each of the 8 on-site MFD Supplier technician resolves approximately 2 University XYZ MFD issues during each business day

Top University XYZ Issue Resolution Technicians vs. High Issues Department Matrix

Location / Technician							
FAS	69	44	44	25	5		
LAW SCHOOL	6	12	24	6	57	51	
SCHOOL OF ED	37	53	36	12	7		6
STERN	1	4	5	94	1		
DENTAL				3			82
COPY CENTRAL				12		69	
TSOA	29	12	3	13	9	5	
SCPS	22	2	29	7	1		
GALLATIN	33	1	2	2			
CIMS	2	30	1				

- 7 technicians in particular have each worked to resolve over 100 University XYZ service calls during the 6 month sample period
- Together their services addressed approximately 90% of total called-in issues for the MFD fleet

MFD Supplier Proposal Analysis

Equipment Cost and CPC Analysis

MFD Supplier proposed to standardize all replacement and new University XYZ machines to 7 Ricoh equipment models, 5 B/W and 2 Color machines, and to optimize the fleet by matching departmental usage to machine capabilities.

Cost Breakdown of MFD Supplier Proposed Standard University XYZ Machines – 5 B/W and 2 Color

TGI Proposed Machine Category	Equip. MSRP	Equip. Purchase Price	% Disc. Off MSRP	Monthly Equip. Lease Cost	Total Lease Payment for 60 Mos.	B/W Minimum Page Allocations	Monthly Service, Supplies, Software Cost	Est. Maint. CPC	Proposed Total Monthly Cost	Total CPC
B/W 1	\$6,617	\$3,002	55%	\$49.00	\$2,940	2,000	\$20.00	\$0.0100	\$69.00	\$0.0345
B/W 2	17,048	5,718	66%	82.00	4,920	5,000	45.00	\$0.0090	127.00	0.0254
B/W 3	21,128	6,203	71%	102.00	6,120	8,000	75.00	\$0.0094	177.00	0.0221
B/W 4	23,828	6,693	72%	116.00	6,960	10,000	90.00	\$0.0090	206.00	0.0206
B/W 5	35,066	10,859	69%	185.00	11,100	25,000	225.00	\$0.0090	410.00	0.0164
Color 1	31,756	11,024	65%	144.00	8,640	7,000	65.00	\$0.0093	209.00	0.0299
Color 2	34,780	12,400	64%	170.00	10,200	12,000	110.00	\$0.0092	280.00	0.0233

Huron Experience of % Disc. Off MSRP 62% - 70%

- MFD Supplier identified the proposed standard University XYZ machines as B/W 1 through 5 and Color 1 and 2, but did not provide detailed model specifications
- It is also unclear if the proposed monthly equipment lease is for base unit only or already include necessary add-ons such as finisher with stapler, hole punch, scan/faxing capabilities, etc.
- Analysis indicates that the discounts University XYZ will be receiving off manufacturer suggested retail price on Ricoh equipment are within Huron's range of experience, with a few exceptions
- In order to better understand the competitiveness of the leasing cost, it is necessary to obtain additional information from MFD Supplier such as the lease rate factor and equipment residual value
- MFD Supplier's maintenance cost proposal is based on B/W monthly minimum pages allocated to each machine based on their speed and capacity
- In general, higher capacity machines are associated with lower cost per page price, however they also cost more per month overall due to the equipment being more expensive

Source: MFD Supplier Initial Proposal to University XYZ Excel File, December 2013.

MFD Supplier Proposal Analysis

MFD Supplier Equipment Standards Allocation (1 or 2)

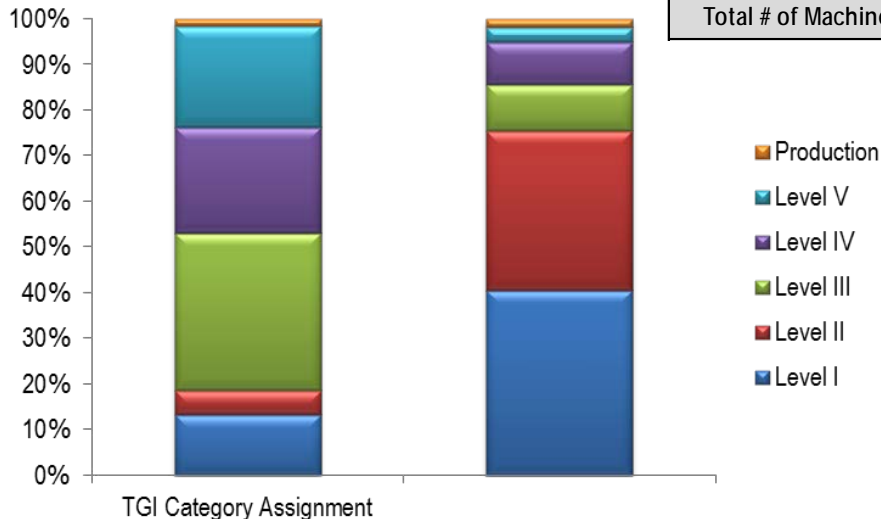
As part of the cost savings and fleet standardization effort, MFD Supplier proposed one of the suggested standard equipment for each existing University XYZ fleet machine to demonstrate the realizable opportunities.

Proposed B/W Machine Tiers vs. University XYZ Actual Usage Matrix

Current Avg. Monthly Vol. Range	TGI Suggested Machine Speed Categories						Total # of B/W Machines	% of Total B/W Machines
	B/W 1	B/W 2	B/W 3	B/W 4	B/W 5	Production		
< 5,000 Pages	60	15	94	28	1		198	41%
5,001 - 15,000 Pages	5	9	68	65	23		170	35%
15,001 - 25,000 Pages		1	6	19	24		50	10%
25,001 - 45,000 Pages		1		1	43		45	9%
45,001 - 75,000 Pages					14	2	16	3%
> 75,000 Pages					3	6	9	2%
Total # of Machines	65	26	168	113	108	8	488	100%

- Huron divided the current University XYZ average monthly prints/copies over the past 12-months into six different usage ranges to better understand the University's current usage profile

MFD Supplier Machine Assignment vs. University XYZ Actual Usage



- Data analysis indicates that approximately 75% of University XYZ B/W machines produce below an average of 15,000 pages per month
- MFD Supplier's proposal contained more mid-range and high-range (B/W 3 – B/W5) machines compared to actual University XYZ usage and higher capacity machines are often proposed to replace equipment currently producing in the lower usage range
- For example, 198 existing machines are producing on average below 5,000 pages a month but for this group of machines MFD Supplier also proposed B/W 3 and B/W 4 replacement machines which are higher capacity equipment

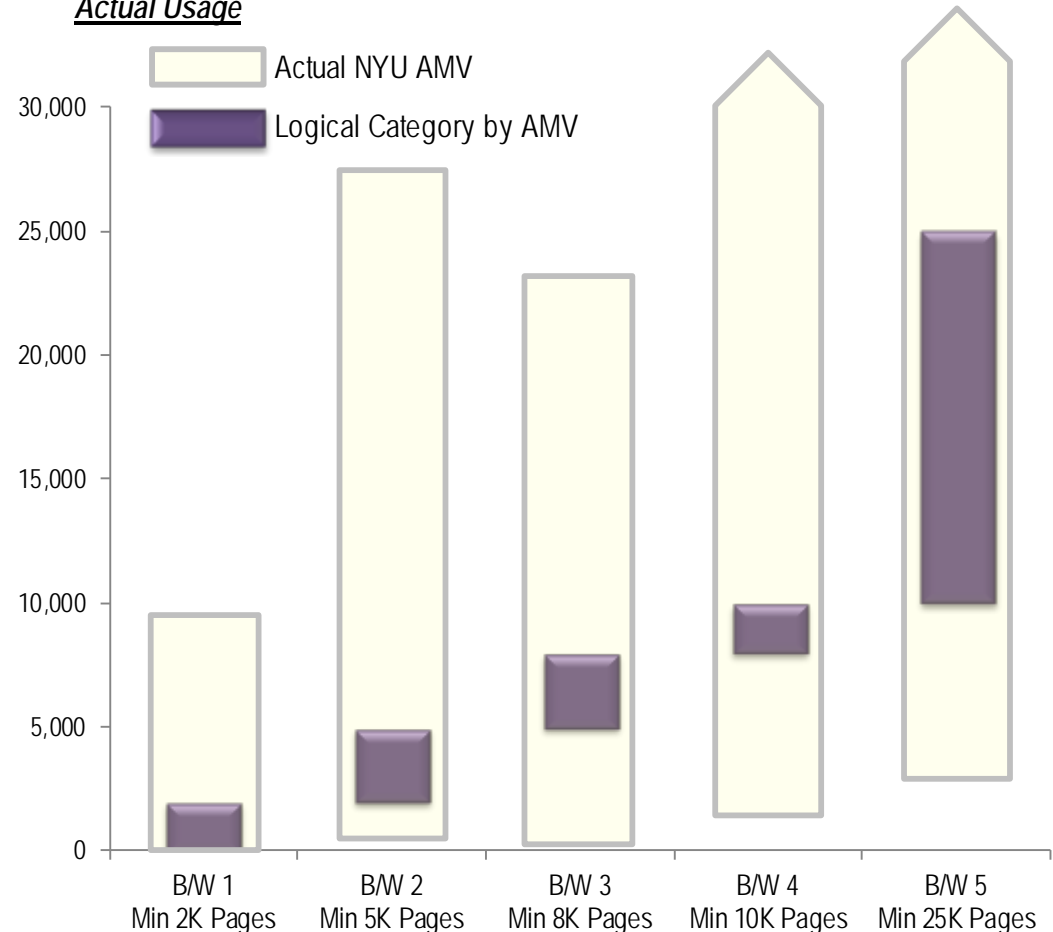
MFD Supplier Proposal Analysis

MFD Supplier Equipment Standards Allocation (2 of 2)

Further data analysis reveals that a clear and defined methodology seems to be lacking in MFD Supplier's exercise of assigning proposed standard equipment to replace the existing University XYZ departmental machines .

- Each proposed MFD Supplier standard equipment is associated with an allocated monthly page minimum and if a department produces above the allocated minimum, a per page average is assessed on additional pages
- A logical approach would be to assign the Level I machine to all existing equipment producing below that minimum before moving up to the next level
 - For example, all University XYZ machines producing below 2,000 monthly average pages should be assigned B/W 1 which has a 2,000 pages minimum; then for existing machines producing between 2,000 and 5,000 pages, B/W 2 which has a 5,000 pages minimum should be assigned
- Analysis indicates that there was no rationale as to how and why the new proposed standards were assigned by MFD Supplier
 - For example, MFD Supplier assigned B/W 1 to 65 existing University XYZ machines currently producing between 6 and 9,681 average monthly pages; similarly, B/W2 machine with a minimum allocate of 5,000 pages was assigned to University XYZ machines producing between 283 to 27,795 pages

Proposed Machine Minimum Page Allocation vs. University XYZ Assignment Actual Usage



MFD Supplier Proposal Analysis

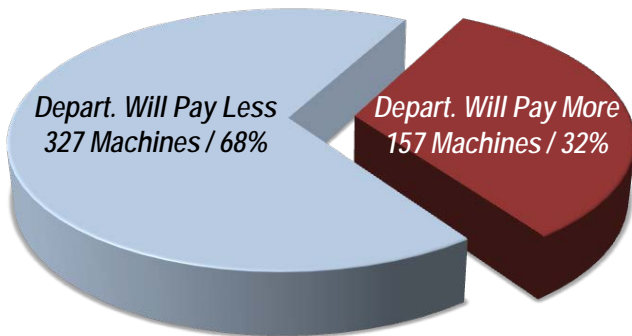
MFD Supplier Machine Assignment (1 of 2)

The standard equipment assignment, as proposed by MFD Supplier does not always reflect University XYZ actual usage. While some machines achieve cost savings, other machines actually experience a cost increase.

Example – MFD Supplier B/W 3 Machine Assignment with Minimum Monthly Page Allocation of 8,000

Location	Model	Current Machine Speed	Proposed Monthly Minimum \$	Current Monthly COST	B/W Avg. Monthly Vol.	Compared to Min. Page Allocation	More Logical Machine Assignment		
							TGI Machine Category	Page Allocation	Proposed Monthly Minimum \$
	DP8035	35 ppm	\$177.00	\$146.71	353	Way Under	B/W 1	2,000	\$69.00
	LD140SP	40 ppm	177.00	302.25	1,049	Way Under	B/W 1	2,000	\$69.00
	LD325	25 ppm	177.00	125.32	3,021	Way Under	B/W 2	5,000	127.00
	LD040SP	40 ppm	177.00	104.94	9,141	Over	B/W 4	10,000	206.00
	LD140SP	40 ppm	177.00	330.00	15,960	Way Over	B/W 5	25,000	410.00
	LD140SP	40 ppm	177.00	376.67	23,029	Way Over	B/W 5	25,000	410.00

484 Machines Assigned B/W 1 through B/W 5



- Analysis indicates that out of the 484 University XYZ machines assigned new standard models B/W 1 through B/W 5, University XYZ will experience a cost savings for 327 machines for an average of \$182 in savings per machine per month
- At the same time, University XYZ will experience a cost increase for the other 157 machines for an average of \$83 per machine per month
- Interestingly, following a more logical standard equipment assignment does not always lead to cost savings at the individual machine level either
- Aggregated at the school level, only 3 schools end up paying more under MFD Supplier’s proposal, Wagner, Gallatin, and CIMS; ISAW about breaks even

MFD Supplier Proposal Analysis

MFD Supplier Machine Assignment (2 of 2)

Further analysis suggests that additional cost savings can be achieved through a thorough review of current standards assignment and moving away from a minimum billing to an actual usage billing structure.

Additional Savings Opportunities Related to Right-Sizing and Actual Usage Billing – University XYZ Press LD325 at 3,021 Avg. Monthly Pages

Cost Components	Current Proposal	Right Size Op. 1	Right Size Op. 2	Actual Usage Scenario 1 -	Actual Usage Scenario 2 -
	B/W 3 at 8,000 Monthly Pages	B/W 2 at 5,000 Monthly Pages	B/W 1 at 2,000 Monthly Pages	B/W 2 Equip.	B/W 1 Equip.
Monthly Equip. Lease Cost	\$102.00	\$82.00	\$49.00	\$82.00	\$49.00
Monthly Page Usage	8,000	5,000	2,000	3,021	3,021
Maint. CPC (Calc'ed Based on Mim. Pg.)	\$0.0094	\$0.0090	\$0.0100	\$0.0090	\$0.0100
Monthly Maint. Cost	\$75.00	\$45.00	\$20.00	\$27.19	\$30.21
Total Monthly Cost	\$177.00	\$127.00	\$69.00	\$109.19	\$79.21
Overage Rate	\$0.0025	\$0.0025	\$0.0025	-	-
Pages Over / Under Minimum	(4,979)	(1,979)	1,021	-	-
True Up Amount	(\$12.45)	(\$4.95)	\$2.55	-	-
Actual Monthly Payment	\$164.55	\$122.05	\$71.55	\$109.19	\$79.21

Current Payment	Potential Savings Opportunities			
\$125.32	3%	43%	13%	37%

- To mitigate the impact of potential over-charge due to University XYZ underutilization of the minimum allocated pages, MFD Supplier has proposed to credit back all unutilized pages at \$0.0025 which is approximately 25% of the actual cost of CPC

- Analysis illustrates that in a minimum pricing model it is more economical to select a machine with allocation that is as close to or slightly below the actual monthly usage
- Migration to an actual usage billing structure would generate more visibility into departmental machine usage and how the departments are being charged
- Interestingly, under the proposed pricing, switching to actual usage billing generates only minimal cost savings, and there will still be machines that will experience a cost increase

Savings Summary

Strategic Sourcing Opportunities Range

While MFD Supplier's initial proposal provided some attractive program enhancements and savings to University XYZ, our analysis and experience indicates that additional opportunities exist to further generate opportunities and improve program .

Summary of Key Findings

- Analysis of MFD Supplier's initial proposal to University XYZ indicates that the vendor did provide some attractive improvements to the current program structure, including reduction of charged minimum pages, standardized suite of equipment, relieved payment for non-conterminous leases, etc.
- There is also crucial information missing in the vendor's initial offer that prevents a thorough understanding of the proposed financial impact, including detailed specification of the proposed standard Ricoh equipment, machine residual value, lease factor, etc.
- Analysis shows that MFD Supplier's assignment of new standard equipment to existing fleet machines does not seem to follow any particular logic or methodology, leading to the same standard being assigned to many machines with a wide range of actual monthly volume, as a result some machines will be charged a higher fee than current state
- While the proposal would generate overall cost savings for University XYZ and Polytech, the actual B/W cost per copy will be increased from the current \$0.0182 to the proposed \$0.0198, a 9% increase
- Appropriate standards assignment coupled with transitioning away from a minimum pages per month billing model would generate additional cost savings for the University as well as bring more visibility to departments regarding their actual usage

Estimated Savings Opportunities

Description	Est. Annl. Spend	Est. Savings \$	Est. Savings %
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Savings Achieved

TGI Initial Proposal	\$3,278,580	\$861,175	26%
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Potential Additional Savings Opportunities

Color CPC		\$1,000 - \$2,000	< 1%
B/W CPC		\$6,275 - \$31,400	~ 1.5%
Optimization		\$65,570 - \$131,140	2% - 4%
Actual Billing Schedule		\$32,780 - \$98,355	1% - 3%

Total Potential Additional Savings		\$105,625 - \$262,895	3% - 8%
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Est. Total Savings Range		\$966,800 - \$1,124,070	39% - 34%
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An improved MFD program that streamlines the administrative process and increases end user satisfaction is equally important to University XYZ as achieving cost savings.

Strategic Sourcing Execution

Campus Users Feedback Consideration

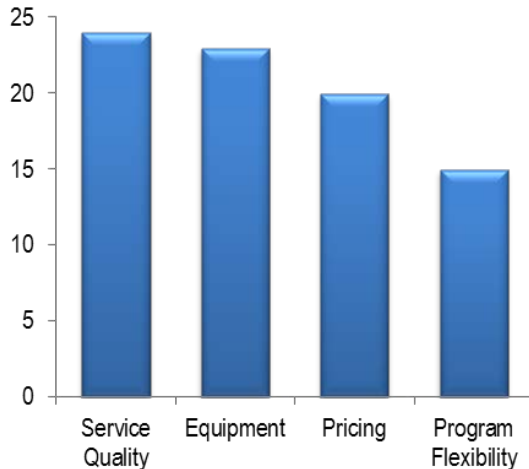
A MFD Customer Satisfaction Survey was distributed to key end users in order to better understand campus needs and gather feedback; the survey was distributed to 50+ individuals out of which 20 submitted responses.

- **75%** of respondents rated the overall experience / satisfaction level with MFD Supplier/current program as Good /Excellent
- **80%** of respondents feel that they are getting insufficient guidance when selecting a machine; for those who do receive some guidance, it usually comes from MFD Supplier or University XYZ IT

Campus Required Equipment Functionality

Equipment Capabilities	Campus Response
Scan to Desktop / Scan to Fax	Required
Double-Sided Copying/Printing	Required
Collate	Required
Staple	Required
Print to Copiers from Your Computer	Required
Print Release via Security Code	Required / Good to Have
Report on Actual Usage	Required / Good to Have
Make Copiers Anywhere on Campus	Good to Have / Unnecessary
Fax Capabilities	Good to Have / Unnecessary

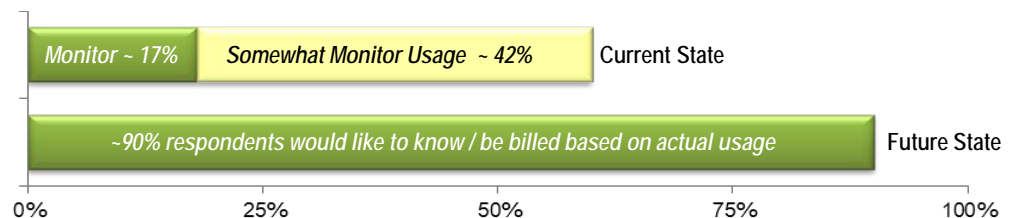
Ranking of Importance of Program Components



- **90%** of respondents are satisfied / somewhat satisfied with MFD Supplier's current service level, though some did complain about the timeliness of responses

- **87%** of respondents are satisfied with the equipment reliability, but many are unhappy that the current contract necessitated that they hold on to old / outdated machines

Current vs. Desired Actual Usage Monitoring / Billing



- **70%** of respondents feel that while they know how to use the basic functions of their machine, they are not fully aware of all the capabilities

Strategic Sourcing Execution

Strategies and Considerations

Huron evaluated the two sourcing execution strategies most applicable to University XYZ for the MFD program, which are incumbent negotiations with MFD Supplier or a competitive RFP process, and identified the considerations for both below.

Considerations	Incumbent Supplier Negotiation with MFD Supplier	Competitive Request for Proposal
<i>Execution Timeline Considerations</i>	<ul style="list-style-type: none"> More compressed timeline as only engaging one supplier in negotiation; already has initial proposal 	<ul style="list-style-type: none"> Extended timeline to factor in RFP planning, development, execution, evaluation, scoring, etc.
<i>Execution Effort / Resources Required</i>	<ul style="list-style-type: none"> Moderate level of effort required for materials development, supplier negotiation, finalization, etc. 	<ul style="list-style-type: none"> High level of effort required for RFP dev., and process, evaluation, scoring, negotiation, etc.
<i>University XYZ Strategy Execution Readiness</i>	<ul style="list-style-type: none"> Minimal additional activities needed to prepare campus for incumbent supplier negotiation 	<ul style="list-style-type: none"> Campus not ready for a comprehensive RFP process that could result in a different MFD provider
<i>Supplier Change Management Required</i>	<ul style="list-style-type: none"> Need to work with MFD Supplier to change billing structure, roll out optimization assessment / practice, etc. 	<ul style="list-style-type: none"> A potential new supplier will require intensive initial management in order to catch up to speed
<i>Internal Change Management Required</i>	<ul style="list-style-type: none"> Introduction to campus users of standard machines, order process, actual usage billing, etc. 	<ul style="list-style-type: none"> Intensive internal change management required to acclimate users to a new supplier / learning curve
<i>Supplier Switching Cost Consideration</i>	<ul style="list-style-type: none"> Not applicable as no additional costs will be incurred by remaining with the incumbent MFD Supplier 	<ul style="list-style-type: none"> Potential impact on switching cost includes multiple buyouts, supplier administrative setup costs, etc.
<i>Supplier Service Level Consideration</i>	<ul style="list-style-type: none"> Minimal impact as a high percentage of campus users are very satisfied with the current service 	<ul style="list-style-type: none"> Service level may deteriorate, especially at the beginning, due to new suppliers' learning curve
<i>Supplier Relationship Development</i>	<ul style="list-style-type: none"> Build on existing relationship to continue to develop and improve strategic relationship 	<ul style="list-style-type: none"> Potential lengthy time period/effort to develop and fine tune a new supplier relationship

Minimal Impact / Complexity

Moderate Impact / Complexity

High Impact / Complexity

Given the comparisons above, it is Huron's recommendation that University XYZ enter into incumbent negotiation with MFD Supplier to achieve the identified savings opportunities and MFD Program transformation.

Strategic Sourcing Execution

Suggested University XYZ MFD Supplier Negotiation Components

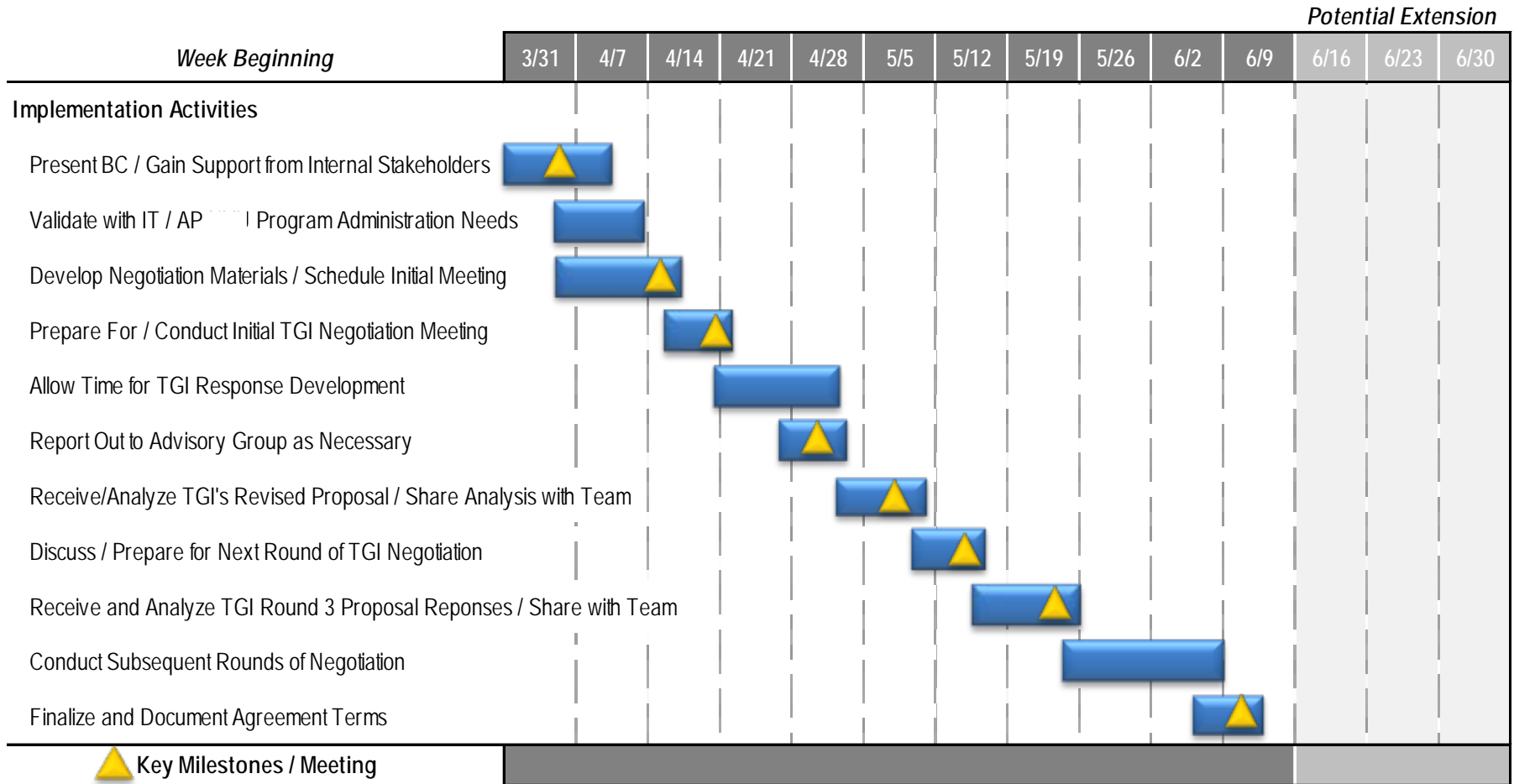
Based on the review and understanding of MFD Supplier's initial proposal and University XYZ's vision for an improved MFD program, Huron suggests University XYZ consider the following pricing and program components when engaging MFD Supplier in negotiations.

Proposal Pricing Component		Program / Administrative Component	
<i>Leasing Cost</i>	<ul style="list-style-type: none"> Understand from MFD Supplier the lease factors, associated end of lease residual value, etc. 	<i>Contract Extension</i>	<ul style="list-style-type: none"> Incumbent negotiation with MFD Supplier likely to last through the months of April and May; discuss ideal contract extension options
<i>Color CPC</i>	<ul style="list-style-type: none"> Negotiate for lower Color CPC 	<i>Accurate / Hassle Free Billing</i>	<ul style="list-style-type: none"> What does University XYZ AP and MFD Supplier need in order to bill each department based on actual usage in a timely and accurate fashion
<i>Standard Machines</i>	<ul style="list-style-type: none"> MFD Supplier to provide specific model and capacity information for proposed standards 	<i>IT Requirements</i>	<ul style="list-style-type: none"> Review and approval of all MFD Supplier proposed software; determine if any / all software is necessary / applicable for University XYZ end users
<i>B/W CPC Structure</i>	<ul style="list-style-type: none"> Move away from the current proposed monthly minimum page allocation model and to one that is billed on actual usage 	<i>Verify Fleet Flexibility</i>	<ul style="list-style-type: none"> University XYZ will be allowed to upgrade/downgrade 10%-15% of the fleet to adjust for department's change in needs
<i>B/W CPC Cost</i>	<ul style="list-style-type: none"> Better understand each component of the B/W CPC and how it can be reduced What is the CPC for each standard model 	<i>Fleet Replacement</i>	<ul style="list-style-type: none"> Verify that MFD Supplier will replace ~85% of existing fleet with 3+ year old machines
<i>Equipment Lease Cost</i>	<ul style="list-style-type: none"> Better understand if the proposed equipment lease per month is only for base unit or include specific add-ons 	<i>Service Metrics and Needs</i>	<ul style="list-style-type: none"> Discuss how maintenance can be best managed to reduce cost but not noticeably reduce service level
<i>Underutilization Monthly Credit</i>	<ul style="list-style-type: none"> Negotiate to reflect directly in the maintenance CPC cost instead of a credit 	<i>Additions of New Machines</i>	<ul style="list-style-type: none"> Discuss how new machines added after contract execution can also be coterminous
<i>Relief of Non-Coterminous Contract Payment</i>	<ul style="list-style-type: none"> Verify with MFD Supplier that \$1.1M in future payments of current non-coterminous contracts will be relieved 	<i>Phased Fleet Transition</i>	<ul style="list-style-type: none"> Discuss MFD Supplier proposed plan for a phased equipment transition to standard models
<i>Poly Lease Buyout</i>	<ul style="list-style-type: none"> Gain clear understanding of the Poly lease buyout calculations / total amount 		

Strategic Sourcing Execution

Suggested Action Plan and Timeline

Huron developed a preliminary action plan and timeline for the incumbent supplier negotiation strategy with MFD Supplier. University XYZ internal stakeholders' review and approval is needed before execution initiation.



The anticipated action plan and timeline could potentially be affected by MFD Supplier's willingness to collaborate and University XYZMC's decision to participate or not to participate in joint negotiation efforts.

Anticipated Next Steps

- Internal Sourcing Team Discussion of Analysis and Recommended Strategy

- Presentation and Strategy Validation with Procurement Leadership

- Planning Session for Initial MFD Supplier Engagement
 - Timing / Meeting Scheduling
 - Validation with IT and AP Regarding All Administrative Requirements / Needs
 - Develop Additional Information Request / Counter Proposal Spreadsheet
 - Draft Meeting Agenda / Discussion Topics
 - Develop Meeting Talking Points / Script / Anticipated Challenges and Answers
 - Coach and Prepare University XYZ Team for Initial MFD Supplier Negotiation Meeting

- Discuss Timing of Report Out Meeting to the MFD Advisory Group

Appendix Assessment Analysis

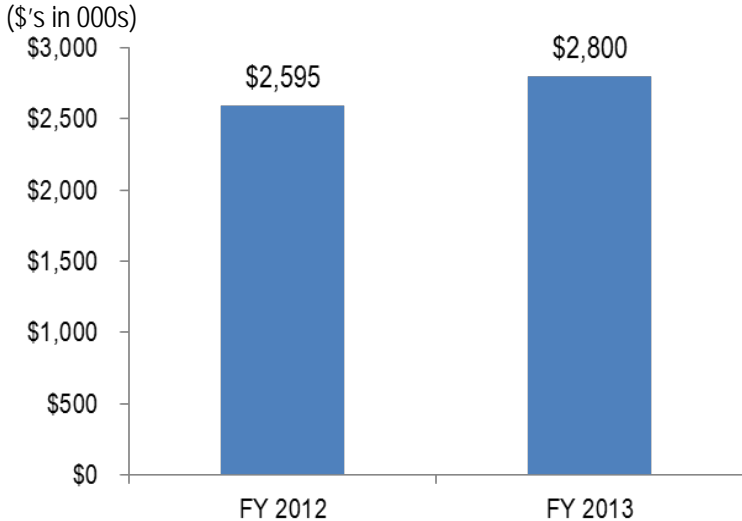
Multifunctional Devices

FOCUS AREA OVERVIEW

Assessment Analysis

HuronEducation

The multifunctional devices (MFDs) market is comprised of few national manufacturers and many regional and local distributors.

Spend Reviewed	Savings Opportunity	Industry Observations						
\$2.8M	12% - 20%	<ul style="list-style-type: none"> ▪ A multitude of cost structure options are available in the market, which can make understanding cost drivers / comparing agreements difficult ▪ Trend towards cost per page (CPP) contracting empowers clients to avoid overpaying for minimums or "allowances"; conversely, this forces suppliers to embed more costs in leases and equipment ▪ There has been an increased interest in "Managed Print Services" in Higher Education in recent years, which is an all-encompassing solution combining hardware such as MFDs with photocopiers, printers and software solutions to provide a complete supplier managed service that covers all document production for an institution 						
University XYZ Spend Profile								
<p data-bbox="170 554 877 588"><u>MFD Supplier Office Automation Historical Spend Trend</u></p>  <table border="1" data-bbox="119 648 865 1163"> <thead> <tr> <th>Fiscal Year</th> <th>Spend (\$'s in 000s)</th> </tr> </thead> <tbody> <tr> <td>FY 2012</td> <td>\$2,595</td> </tr> <tr> <td>FY 2013</td> <td>\$2,800</td> </tr> </tbody> </table> <p data-bbox="100 1216 938 1329">University XYZ's spend with MFD Supplier Office Automation, sole supplier to the University, increased approximately 8% between FY 2012 and FY 2013, or an estimated \$205K.</p>		Fiscal Year	Spend (\$'s in 000s)	FY 2012	\$2,595	FY 2013	\$2,800	<p data-bbox="1238 833 1615 868">University XYZ Observations</p> <ul style="list-style-type: none"> ▪ University XYZ consolidated their MFD and copier fleet providers in 2009 through a comprehensive RFP process, MFD Supplier Office Automation emerged as the most successful bidder and was awarded a master fleet agreement ▪ While the transition to a "cost per page" single provider was successful, the rigid structure of the agreement has created difficulties in new orders, upgrades, and accounting, causing end user dissatisfaction ▪ The 5-year master agreement with MFD Supplier is set to expire in 2014; RFP preparation is planned to commence in the next few months ▪ Desktop printers are unmanaged and purchased separately, largely through CDW-G and GovConnection; no overall imaging equipment strategy exists across the leased and purchased machines
Fiscal Year	Spend (\$'s in 000s)							
FY 2012	\$2,595							
FY 2013	\$2,800							

Source: University XYZ AP/P-Card Data, Period: FY 2012 – FY 2013 (data for FY 2013 was annualized)

Multifunctional Devices

MFD SUPPLIER TOTAL RELATIONSHIP

Assessment Analysis

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University XYZ's master agreement with MFD Supplier is a sole source, 60-month, non-cancelable, non-amendable, cost per page (CPP) contract for the fleet of MFDs; option exists to extend for one more year after initial term

MFD Supplier Total Relationship Pricing Summary

Contract Type	Fleet Size*	Lease Term	Monthly BW Minimum Volume (Pages)	Monthly Minimum Payment	Est. Annl. Payment
I Master Agreement	529	60 Mos. Ending May 2014	11,605,903	\$211,227	\$2,534,729
Separate Contracts for Replacements and Add-Ons	62	60 Mos., Various End Dates	~ 2,306,566	\$41,980	\$503,754
Total University BW Spend	591		13,912,469	\$253,207	\$3,038,483
Library	18	60 Mos. Ending Aug. 2016	Lease Term 5.5M	\$7,595	\$91,140
Copy Center	2	60 Mos. Ending Aug. 2017	700,000	\$6,041	\$72,497
Total NYU TGI Spend	611		~ 14,704,150	\$266,843	\$3,202,120

- For the duration of the contract, University XYZ will pay a fixed monthly minimum payment based on established monthly minimum usage volume; overages are charged should University XYZ exceed the minimum
- Minimum volume and payments are for black and white prints/copies only; all color copies are billed separately every quarter based on actual usage
- The CPP covers all equipment, service, supplies, manpower across a wide range of brands, and buyout of previous Xerox and Ricoh contracts, MFD Supplier also replaced 250 existing machines at contract

- Since contract inception, 62 new machines and 110 new replacements have been installed, all under separate non-coterminous 60-month contracts
- Two separate 60-month contracts have also been established for University XYZ Library and Copy Center, expiring in 2016 and 2017 respectively
- Per agreement, for every \$100K in old contracts buyout funding, MFD Supplier would add \$0.00024 to the original CPP of \$0.0150 arriving at the contract CPP of \$0.0182
 - Reverse calculation would put the lump sum value of the buyout at ~\$1.34M at contract inception; University XYZ is paying at least \$36,800 per month for the buyout resulting in ~\$2.21M in total payments, representing a 1.83% monthly interest rate and approximately 21.97% in annual interest rate

MFD Supplier Contract Coverage Rates

Contract Type	BW CPP Rate	BW Overage Rate	Color CPP and Overage
General Master Agreement	\$0.0182	\$0.0050 Copy \$0.0075 Print	\$0.0700
Master Agreement - Copy Central	\$0.0182	\$0.0050 Copy \$0.0075 Print	\$0.0550
Poly	\$0.0182	\$0.0050 Copy \$0.0062 Print	\$0.0500
Bobst Library	\$0.0182	\$0.0065	NA
Copy Center	\$0.0182	\$0.0050	NA

Source: University XYZ MFD Supplier Contract 209; MFD Supplier 2013 Supplier Report; FY 2013 Sample Fleet Data Pulled From MFD Supplier
 Note: *Per MFD Supplier 2013 Jan. - Jun. Supplier Report.

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CAMPUS FEEDBACK

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While the MFD master agreement moved University XYZ one step closer towards best practice with supplier consolidation and a sizable coterminous fleet, many other issues were left unaddressed and continue to be pain points.

Machines by School / Department

Department / School	# of Machines	% of Total
LAW SCHOOL	54	10%
FAS	52	10%
DENTAL	48	9%
SCH. OF BUS.	41	8%
SCHOOL OF ED	37	7%
HOUSING	22	4%
TSOA	22	4%
SCPS	20	4%
LIBRARY	19	4%
HEALTH SERVICES	17	3%
Top 10 Subtotal	332	61%
Other (102)	208	39%
Total	540	100%

- Analysis of the MFD Supplier master agreement fleet report indicates that the top 10 schools / departments account for over 60% of the total fleet machines

Master Agreement Pain Points and Missed Opportunities

Contract Rigidity

- The master agreement cannot be changed; cannot reduce minimum monthly volume even when it is not utilized – departments are unhappy with the lack of flexibility

Machine Add/Replacement Upgrade Complications

- Have to be on separate 60-mon.non-coterminous contracts; for upgraded machines, still have to pay master agreement plus prorated payments on upgraded machine – departments feel like they are being charged twice

Accounting Complications

- Over 5,000 departmental chart fields in the master PO; massive AP efforts in tracking down / rectifying expired grant accounts, accounts with insufficient funds, etc.
- Master PO can only be changed twice a year as it is a very time consuming process

No Standardization Effort

- No fleet standardization effort was made at contract inception

No Optimization Effort

- Machine optimization effort has not been made at or since contract inception; departments have opposed past optimization / managed print assessment efforts

- MFD Supplier is an iBuy supplier and departments have full line access to MFDs, printers, fax machines, scanners, supplies, etc.
- MFD Supplier also offers a Managed Print Services Program, GPS
- University XYZ end users are generally satisfied with the service level provided by MFD Supplier and the overall fleet functional uptime maintained at close to 100% during business hours

MFD Supplier Service Level Report – 1st

Service Metrics	TGI Performance
Total Downtime	0.03%
Total Uptime	99.97%
Total # of Service Calls	2,154
Avg. # of Service Calls / Machine	2.9
Avg. Response Time	3.10 Hours
Avg. Onsite Repair Time	1.68 Hours

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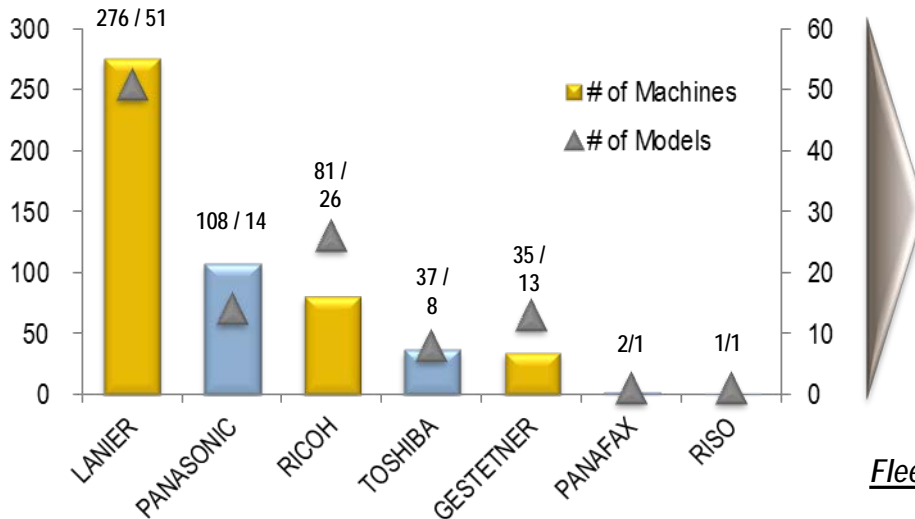
FLEET DISTRIBUTION

Assessment Analysis

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Due to a lack of standardization and optimization efforts, the University fleet consists of machines from many different manufacturers and models; best practice is to have a standardized suite of 7 to 10 equipment models.

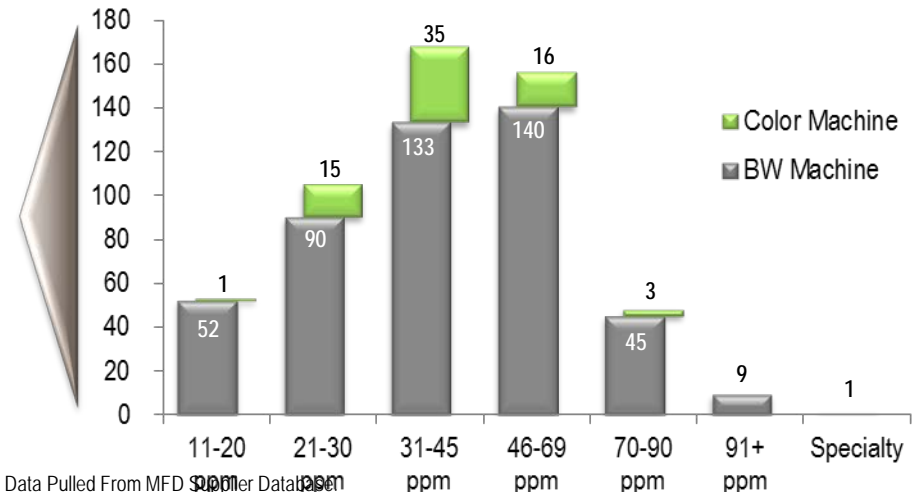
Fleet Distribution – Brand vs. Models vs. # of Machines – 540 Sample Size



- Machines with speed ranges between 31 and 69 ppm account for approximately 60% of the overall fleet
- Machines with higher speed and production capacity (ppm > 45) account for 40% of total fleet, which is high by Higher Ed standards
 - Large numbers of high speed and capacity machines generally leads to fleet underutilization
- 83% of the University fleet are BW machines
- 27% of fleet machines were installed prior to 2008; 23 new machines have been installed during the first half of 2013

- As of June 2013, the University XYZ fleet consists of 591 machines from 7 manufacturers/brands and over 114 different models; a very diverse fleet even by Higher Education standards
- Lanier is the dominant brand on the University XYZ campus, making up >50% of total machines and >45% of the total models
- Lanier and Gestetner are both subsidiary brands of Ricoh; while the Gestetner brand has been phased out in the US, it is still utilized and distributed in Europe
- The Ricoh brands have significant market share in Asia Pacific, Europe, North America and South America

Fleet Distribution – Speed Range vs. BW / Color Machines – 540 Sample Size



Multifunctional Devices

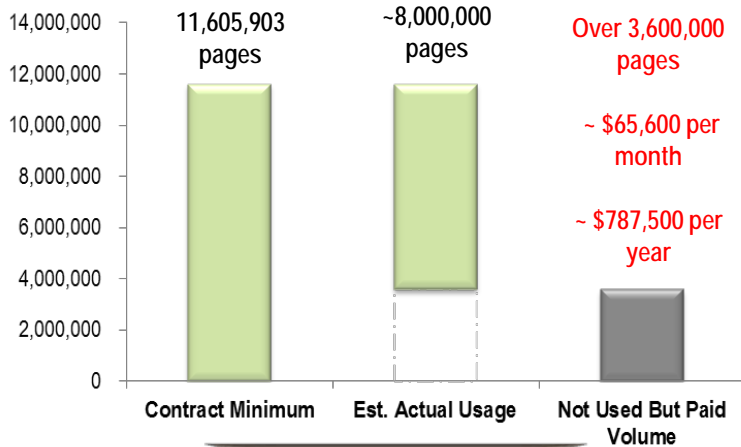
OPTIMIZATION POTENTIAL

Assessment Analysis

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The structure of the MFD Supplier master fleet agreement as well as the operationalization and management of the contract led to the underutilization of the fleet and many potential opportunities for improvement.

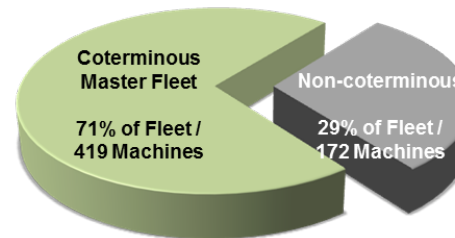
Contract Monthly Minimum Usage vs. Estimated Actual Usage



- MFD Supplier estimates that approximately 8 million BW pages are produced by the master fleet per month, which indicates a 69% utilization of University XYZ's minimum monthly volume, which means 31% of University XYZ's monthly payments are for pages never produced
- One reason for underutilization is the lack of front end / mid-contract machine selection guidance and optimization efforts
- The overage rate for BW copies is \$0.0050 or 27% of the regular CPP of \$0.0182, making it more cost effective to have a low minimum even if overage is charged

- Due to the rigidity of the master agreement and the necessary separate contracts for each new and upgraded machine, approximately 29% of the current MFD fleet is no longer coterminous
- Non-coterminous machines will prevent a clean transition should a new supplier be selected upon contract expiration, unless another buyout clause is structured
- Volume minimums seem to be unfairly increased for replacement upgrade machines. Per the table below, in addition to paying the original master agreement minimum, departments will also have to pay for the replacement machine with minimum volume prorated over 50% of the minimums for a newly added machines, likely without any real increased department utilization

Coterminous vs. Non-coterminous



New Machine/Replacement Volume Structure

Speed Range	Min. Vol. Added / Mon.		Δ
	Replace	Add-On	
Up to 24 ppm	5,000	7,500	67%
25 - 30 ppm	9,000	14,000	64%
31 - 40 ppm	11,000	21,000	52%
41 - 50 ppm	13,000	26,000	50%
51 - 60 ppm	19,000	34,000	56%
61 - 72 ppm	21,000	41,000	51%
73 - 85 ppm	30,000	60,000	50%

Source: University XYZ MFD Supplier Contract 209; MFD Supplier 2013 Supplier Report; FY 2013 Sample Fleet Data Pulled From MFD Supplier Database.

Multifunctional Devices

KEY FINDINGS & CONSIDERATIONS

Assessment Analysis

HuronEducation



Summary of Key Findings

- University XYZ's master agreement with MFD Supplier is a sole source, 60-month, non-cancelable, non-amendable, CPP contract for University XYZ's fleet of MFDs; all upgrades, replacements, and new machines are on separate, non-conterminous contracts paying the master agreement CPP
- Due to the contractual rigidity of the agreement, complaints and dissatisfaction have surfaced in many areas including purchasing, accounts payables, and campus departments
- University XYZ has a utilization rate of approximately 69% of the contractual volume minimum pages, resulting in significant payments to MFD Supplier for prints and copies never produced
- Currently there isn't any guidance or support provided to departments for new machine selection or existing machine optimization; end users have the freedom to choose any machine, contributing to University XYZ having a very diverse fleet distribution and over-buying of production capability / underutilization
- Opportunities exist in establishing a fleet of standardized BW and Color MFDs based on University XYZ end users' requirements that would better satisfy their needs as well as generate cost savings
- Lack of overall image equipment strategy and printer management contributes to the underutilization of the MFD fleet

Recommendation Considerations

Short Term Opportunities

- Identifying all current pain points and improvements needed in preparation for contract renegotiation / sourcing process
- Request / receive from MFD Supplier actual usage reports for each machine to understand departmental utilization; form campus stakeholder groups to further understand needs and specification requirements
- Motivate departments to increase MFD utilization and decrease document output on personal desktop printers – maximize the contract minimums and decrease printer toner utilization
- Develop RFP or negotiation documents to engage suppliers in the strategic sourcing initiative
- Move away from volume minimum contract structure and towards one that's based on actual usage
- Develop a suite of standardized equipment; incorporate front end usage assessment / selection guidance to optimize utilization

Mid Term Opportunities

- Continue to assess and prepare campus readiness for managed print services to bring printer spend/usage under management



Experience. Redefined.®

Efficiency and Transformation Review for Sourcing and Procurement

Exclusively Prepared for Board of Regents, State of Iowa
December 12, 2014



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Cost of Services

Submit a comprehensive price proposal that outlines rates and hour by each phase and any other costs incurred.

a. A comprehensive price proposal should be submitted on the basis of “not-to-exceed pricing” for this project. Under a not-to-exceed pricing arrangement, the contractor is compensated for hours and expenses incurred up to a ceiling amount. If additional effort is required, the bidder is expected to complete this effort at no additional cost to the Board. If less effort is required than the contract price, the Board would not be billed for the work.

Resources and commitment levels are reflected in the tables below. Huron reserves the right to shift hours among the project team members to best accomplish the objectives of the engagement but will commit to not exceed the total fees of the project.

Total professional fees for the Procurement Function Review (Work Stream A) and the Strategic Sourcing Savings Validation (Work Stream B) will be \$385,000.

Project Function	Estimated Hours	Hourly Rate
Engagement Lead	40	\$ 425
Engagement Advisor	TBD	\$ 0
Project Leader	300	\$ 310
Strategic Sourcing Lead	475	\$ 255
Functional Assessment Lead	145	\$ 255
Strategic Sourcing Support	365	\$ 200
Strategic Sourcing Analysis	280	\$ 150

Out of pocket expenses (including transportation, lodging, meals, communications, supplies, copying, etc.) will be invoiced at actual amounts incurred, and will not exceed 18% of professional fees. Huron will provide receipts for supporting expenses as requested by the Board on a timely basis.

The total professional fees for the Implementation of Strategies and Actions (Work Stream C) will be finalized once the reviews have been completed and recommendations have been assessed by the Board. To assist the Board with planning for these future projects, our typical implementation costs of strategic sourcing categories are defined as follows: Low complexity category costs range from \$40-\$60K per category area; medium complexity category costs range from \$60-80K per category area; and high complexity category costs range from \$80-\$120K per category area.

b. Billings would take place at the completion of key milestones/deliverables. The Board expects bidders to propose a milestone/deliverable schedule that should assume that the Board will retain 10% of every invoice which would be released at the acceptance of the final deliverable.

Huron will invoice 30% of fees and expenses incurred upon review of the current state findings and best practices, 30% of fees and expenses incurred upon development of the validated business cases, 30% of fees and expenses incurred upon presentation of the strategies and action plan. The remaining 10% will be billed upon acceptance of the final deliverable.

The duration of Huron’s activities is expected to be 13 weeks including presentation of final deliverables.



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