

Shared Services Update

Boston Campus - October 9, 2019



University of Massachusetts

Amherst • Boston • Dartmouth • Lowell • Medical School • UMassOnline

Topics

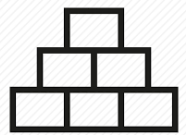
- Background/Introductions
- Unified Procurement Services Team (UPST)
- What's Changing?
- CPO Introduction
- Questions/Discussion

Background



Face fiscal challenges

- With higher education facing a challenging environment, effective and efficient management of resources is imperative
- The University embarked on a plan to prepare for current and future challenges, exploring the shared service delivery model to achieve improved service at a reduced cost



Build on a strong foundation

- The University has established a solid foundation by leveraging common technology and working “Better Together” (Efficiency & Effectiveness and Business Process Redesign)
- Alternative service delivery models, such as shared services, present opportunities to build on the foundation and bring significant benefits to all campuses
- Initial focus on accounts payable, procurement, and payroll



Plan collaboratively

- Commitment, direction, and support from the Board, President, and Chancellors
- Involvement and input from campus subject matter experts
- Analysis of FTE and spend data to quantify efficiency and savings opportunities
- Examination of peer systems to understand characteristics of leading service organizations

Plan Highlights

Key Findings



- Campus procurement organizations work collaboratively but are limited in their impact
- Accounts payable processes vary across campuses leading to missed efficiency opportunities
- Payroll runs successfully but resources are fractional and ownership is unclear

Key Recommendations



- Establish a Unified Procurement Services Team responsible for system-wide procurement and accounts payable led by a Chief Procurement Officer (CPO)
- Establish a governance structure to ensure strong campus customer relationships
- Establish Service Level Agreements (SLAs) to manage service quality
- Continue to analyze payroll and time and labor to develop a future service delivery model

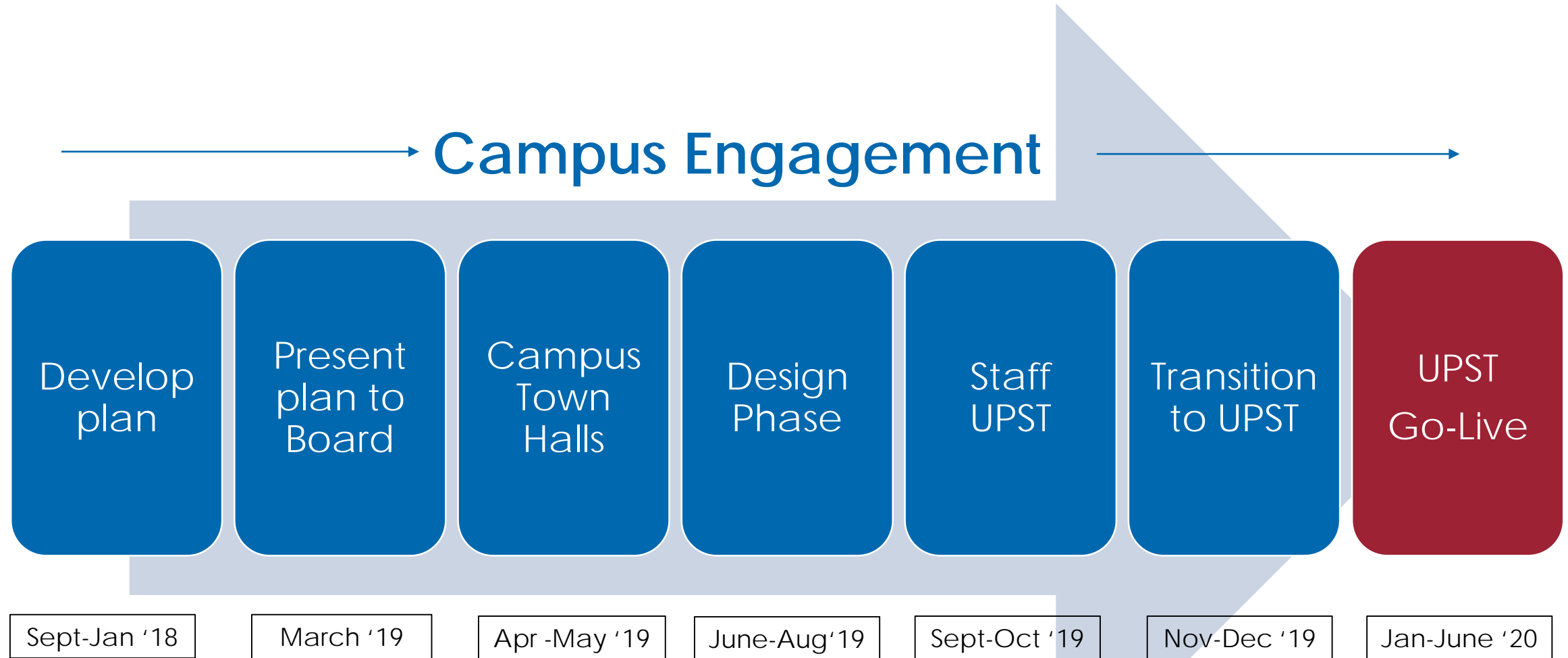
Key Benefits



- Responsive, consistent, high-quality customer service
- Cost savings (mid-range estimate of \$16.5 million) achieved through a focus on efficiency and strategic sourcing/category management
- Professional development opportunities through a shift to a unified organizational structure

Implementation Timeline – FY19 – FY 21

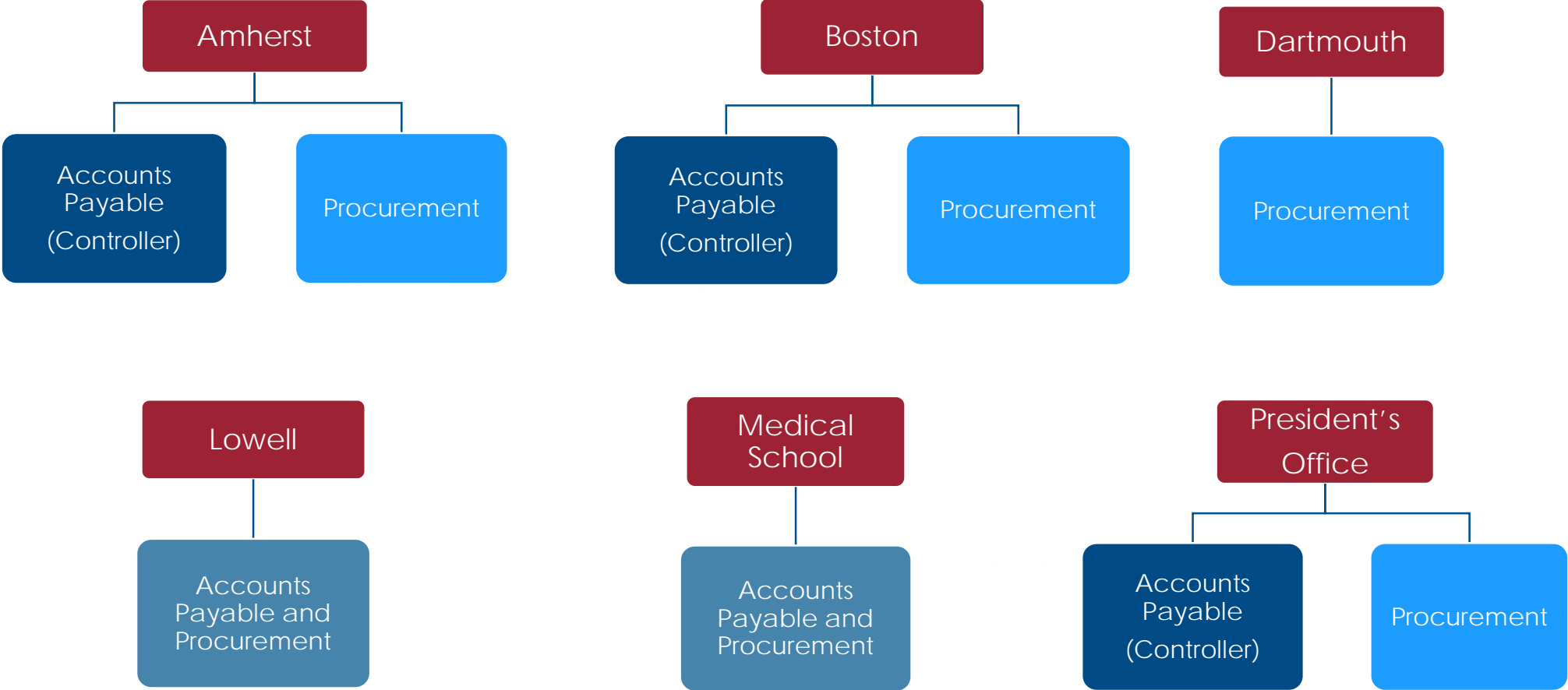
Shared Services Timeline



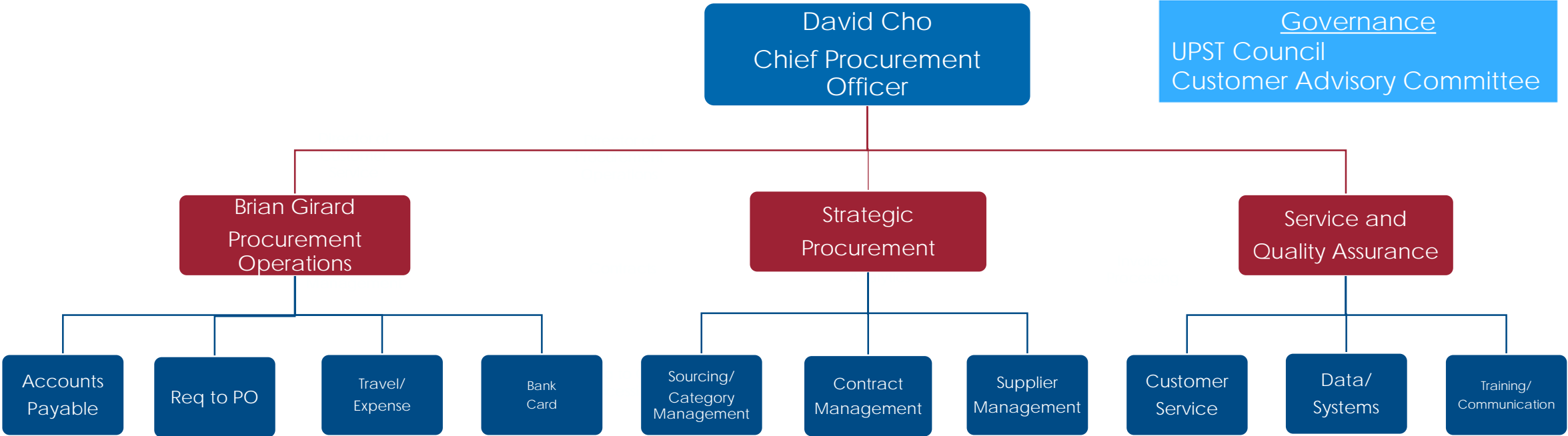
Unified Procurement Services Team (UPST)

Current Procure to Pay Structure

- 6 separate campus procurement and AP functions (75 FTEs)
- 3 campuses with procurement and AP separate, 2 combined (Dartmouth AP managed by President's Office)



Unified Procurement Services Team



Unified Procurement Services Team (UPST)

Staffing by Current Campus

Amherst	12
Boston	9
Dartmouth	1
Lowell	8
President's Office	7
Medical School	8

- Majority of UPST positions will be based in Shrewsbury (new space being prepared)
- Some positions will require staff to travel frequently to campuses
- Some positions allowed for a location modification (process ongoing)
- Several vacancies—available to UPST staff then open if unfilled

UPST Shrewsbury Office Space Progress

Before



During

Scheduled to open Oct 31

Procure to Pay by the Numbers

Unified Procurement Services Team



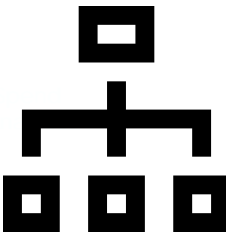
\$1.2B in total annual spend



50 FTEs/24 positions



17,000 active suppliers



3 divisions



190,000 purchase orders



\$16.5 million (12-18 months savings)



40,000 travel authorizations

What's changing?

What's changing in Procure to Pay Operations?

Procure to Pay
Operations

Req to PO

Invoice &
Payments

Travel & Expense
Mgt

Administer Bank
Card Programs

Current

- Campus-based teams
- Manual processes
- Low use of metrics or continuous process improvement

Future

- University wide operations team
- Automated processes
 - Greater use of catalog ordering for faster ordering
 - Significant reduction in paper
- Process consistency and controls to ensure compliance

What's changing in Strategic Procurement?

Strategic Procurement

Community Partnering

Category Strategy Development

Sourcing

Contract Management

Supplier Management

Current
<ul style="list-style-type: none">• Campus-based Procurement Leads• Reactive approach to sourcing projects• Not fully leveraging UMass spend• Low visibility into organization wide sourcing• Low focus on supplier performance management

Future
<ul style="list-style-type: none">• Category-based Procurement Teams• Multi-year Category Strategies• Common approach to savings tracking and reporting• University-wide pipeline• Formal Supplier Performance Reviews for top strategic suppliers speaking with a single voice for UMass

What's changing in Service & Quality Assurance?

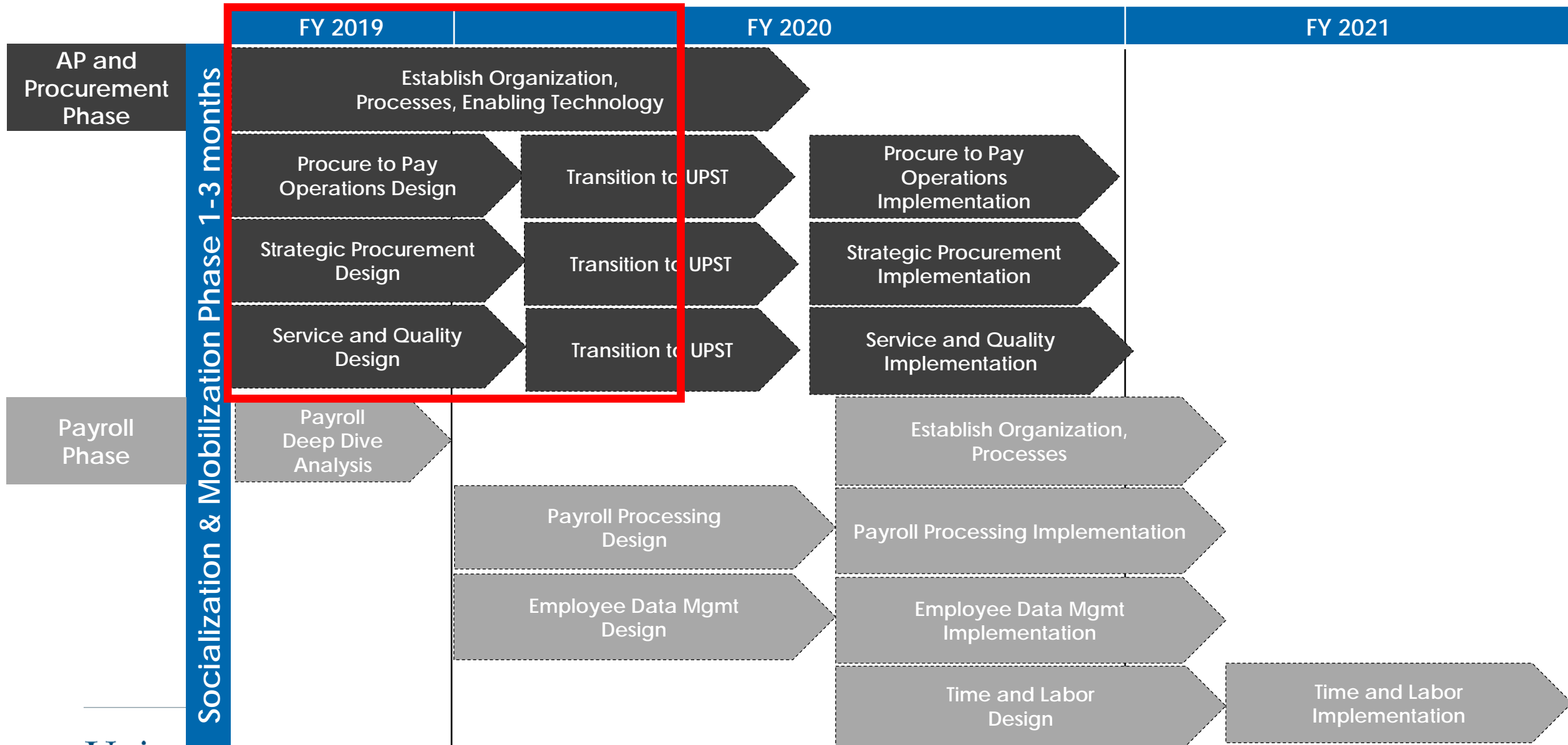


Current
<ul style="list-style-type: none">• Limited procurement reporting of KPI's• Informal customer support by campus• Inconsistent experience dependent on campus resources and focus

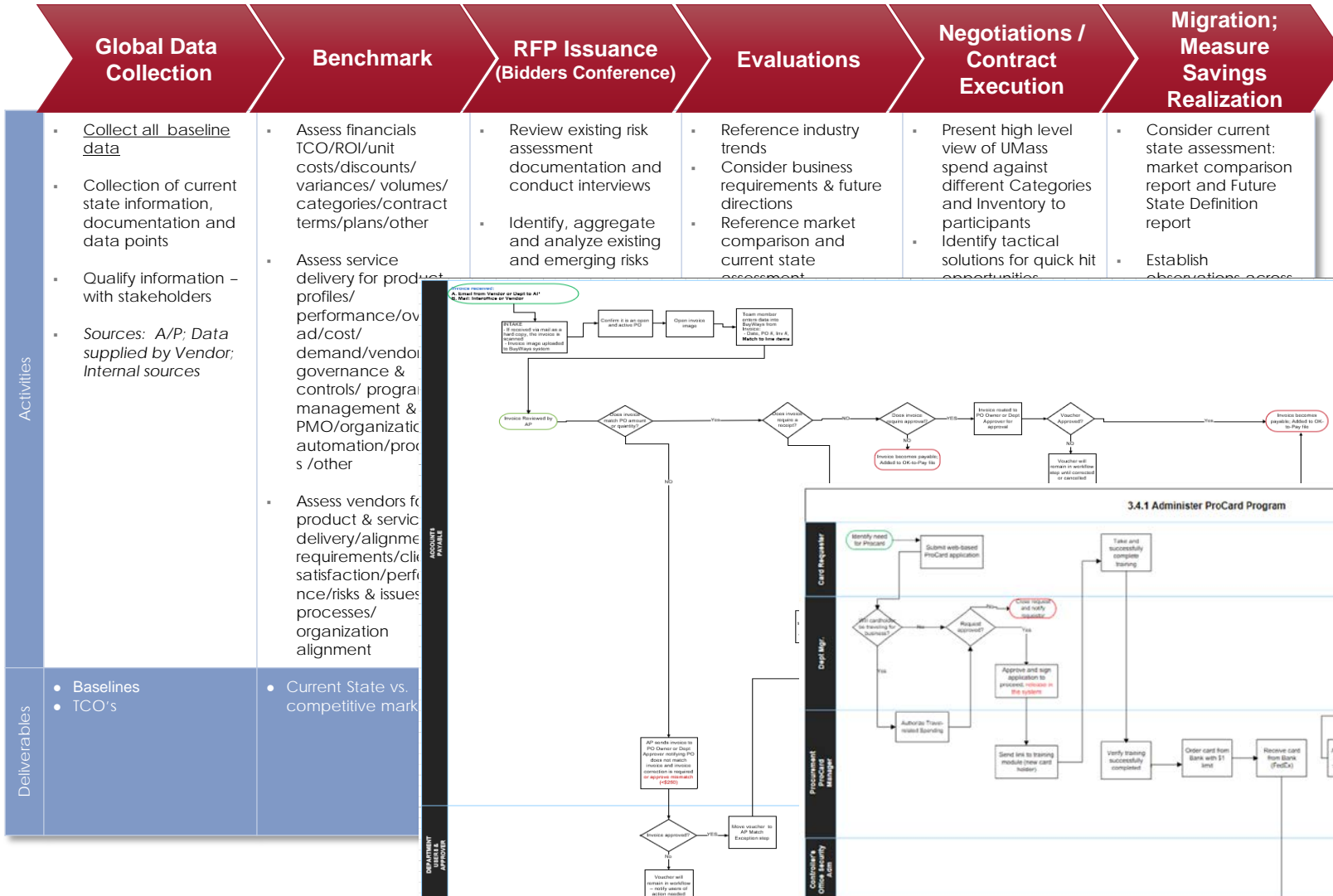
Future
<ul style="list-style-type: none">• Formal KPI's and case management• Dedicated customer support team• Available, responsive, high-quality customer service

CPO Introduction

Listen & Learn Today → Build the Roadmap for Tomorrow

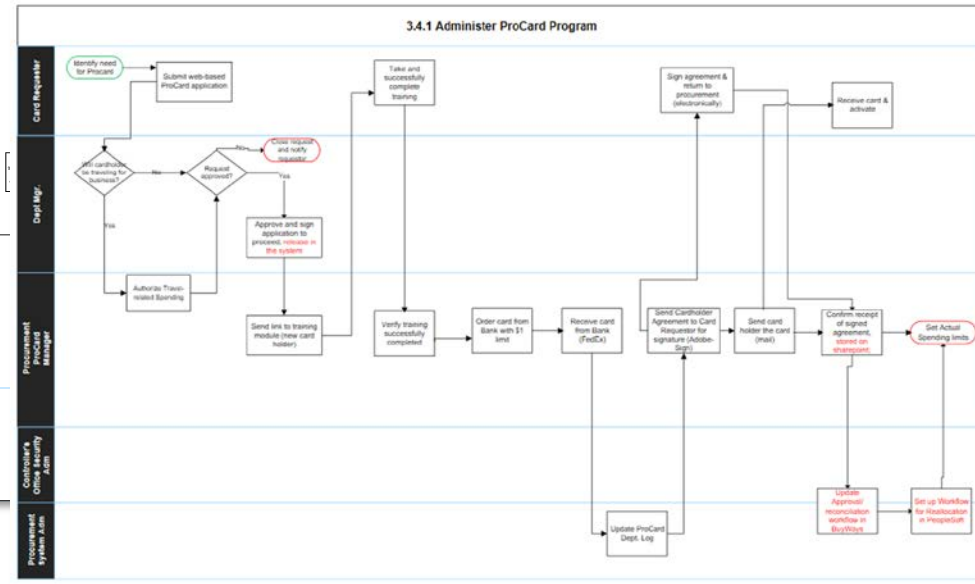


A Broad Array of Processes, Methodologies, Policies



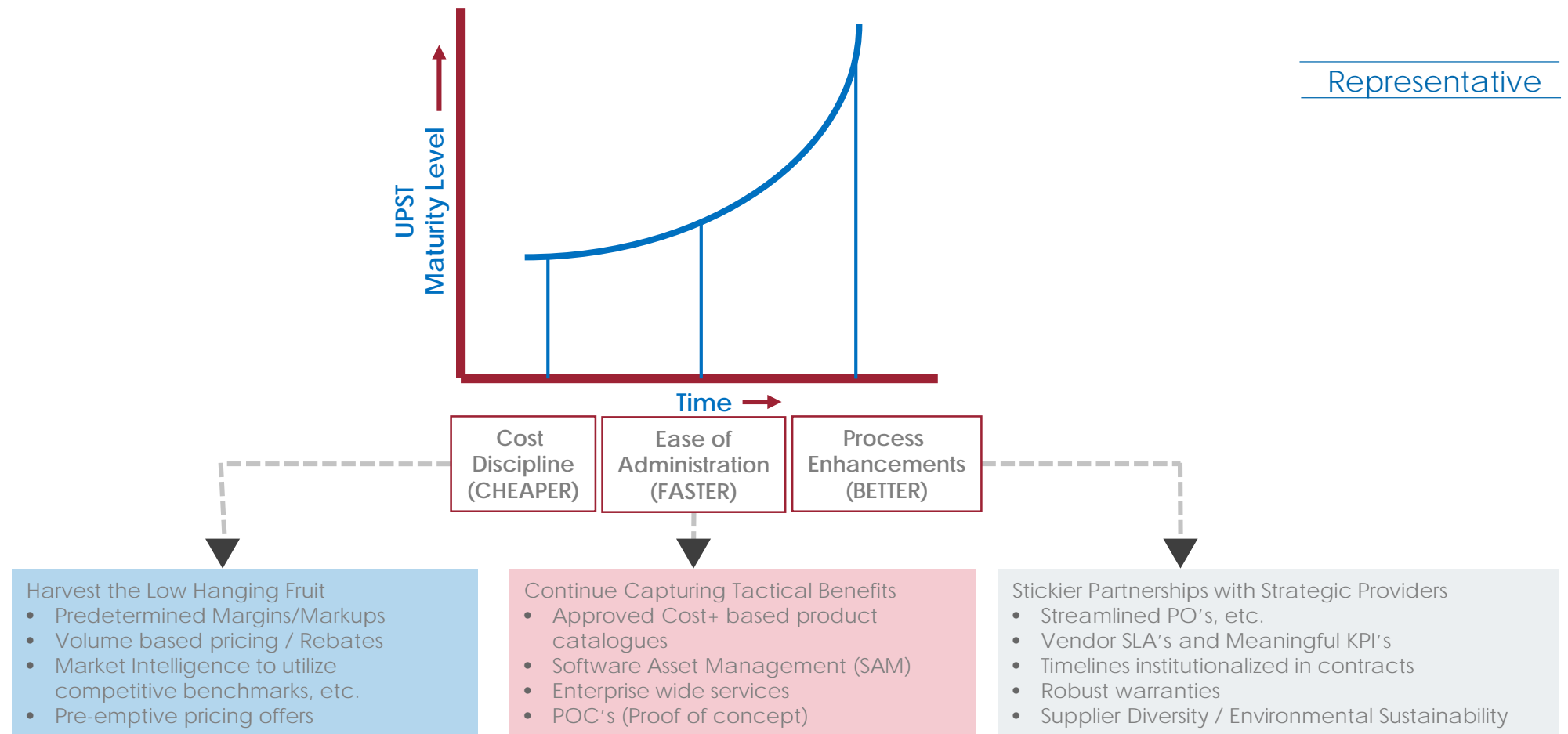
A Considerable Operation facilitated by **Procurement Operations, Strategic Procurement, Accounts Payable / Travel and Customer Service** to support UMass Constituents:

- ~\$1.2B in annual expenditures
- ~21K Invoices in September
- 1,800 contracts per year
- Across 17K payees/vendors



A Longer Term View of Continuous Improvement @UPST

While we believe there is a strong cost reduction opportunity related to acquisition costs in the short term, there is an even greater set of ancillary benefits where the UMass system can reap significant soft cost benefits over the longer term.



What are some trends in the marketplace lately?

Thank You!

Questions/Discussion

Stay Connected

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www.umassp.edu/better-together/projects/shared-services-project