Transformational Procurement
Why it matters
Why it matters now

ICCFO Meeting
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Presented By:
Sue Peters
David Ott
The cost of higher education is rising faster than the rate of inflation.

State support for public institutions is declining in 47 States.
  - In some states, the support is down 40%+ in just 5 years.

For-profit colleges and universities threaten enrollment at traditional institutions.

Colleges and universities are struggling to maintain retention rates.

A slow economy limits the ability to increase tuition.

Many colleges and universities have already made significant reductions in operating expenses.

There are still opportunities to lower costs and increase operating efficiency.
State Support Declining Fast

Percent change in state spending per student, inflation adjusted, FY08-FY13

Source: Center on Budget and Policy Priorities (CBPP)
Business Officers are Responding

% Public University Cutting expenses

% Private Universities Cutting Expenses

Source: Moody’s MFRA
Emerging Opportunities

• Centralization and Shared Services: Human Resources; Fundraising; Marketing; Financial Services; Information Technology

• Expense Flexibility: Increased use of Adjuncts; Reduced % of Tenured Faculty; Leasing Space for Satellites/Expansion

• Space Utilization: Weekend, Evening, Summer Courses; Moving Administrative Functions Off Core Campus to Lower Cost Space

• New Market Outreach: Continuing Education and Degree Completion; Non-Traditional Students
“In higher education, we’re accustomed to saying that we need to do more with less. Well, with this economic downturn, it’s time we learn how to do less with less.”

Greg Roberts
Executive Director
ACPA – College Student Educators International
“College Presidents talk about Cost, Access and Quality existing in an unbreakable reciprocal relationship. The three factors create the dilemma of the Iron Triangle in that any change in one will inevitably impact the others.”

Source: The National Center for Public Policy and Higher Education.
E&I Works With You

We’re on your side to save money and reduce costs.
The Power of Membership

- **Members Purchased Over $1.8 Billion via E&I Contracts in 2012**
  - Member Utilization of Contracts Increased 11.1%
  - 43% of Members Purchase from an E&I Contract Weekly or More
  - 28 Contracts with More than 100 Members Using
- **Purchases More than Doubled Over 5 Years**
- **Membership Increased 15% in 2012 – Over 2,700 Strong!**
- **99%+ Member Satisfaction with 80% of Members Extremely or Very Satisfied**
- **62% Cite E&I as their Primary Outside Contract Source**
Saving Dollars and Time

• Members saved over $200 million in 2012

• Members received nearly $14 million in member rebates and/or financial growth incentives in 2012

• Members received nearly $2 million in patronage earned from 2012 purchases

• Members recaptured and redeployed thousands of RFP resource hours by utilizing E&I’s competitively bid contracts

• Members accessed best-in-class solutions for supply chain efficiencies, e-commerce, and more from E&I suppliers
Value Beyond Pricing

• The Board of Directors Declared a Patronage Refund of $1.9 Million to the Membership for 2012

• The Refund will be Paid as Follows:

  ➢ 52% in Cash to the Member Institution

  ➢ 48% in Certificates of Equity

• The Refund Checks Were Issued on June 24, 2013
The E&I Contract Portfolio

Contracts Overview as of August 2013

- 98 Contracts in Key Categories, Including:
  - Facilities
  - Furniture/Furnishings
  - Technology
  - Scientific

- 93 Competitively Awarded (95%)

- 9 Regional Contracts

- 7 MWBE Supplier Agreements
E&I Marketplace Highlights

• Members Live on e-Procurement at a Minimal Cost!

• 100% Cloud Based

• Pre-Loaded with up to 20 Competitively Bid E&I Agreements

• Consumer-friendly Mobile or Desktop Experience

• Provides Approvals

• Supports Purchase Order and P-Card

• Full-Featured and Affordable Upgrade Path

• 100% Secure and PCI Compliant
E-Procurement Solutions

ESM Solutions

• Serving 700+ Education Institutions for 13 years
• 50+ Institutions Enabled
  ➢ 30 Small
  ➢ 17 Medium
  ➢ 4 Large
• Up to 20 E&I Contracts at no cost
• Highly Scalable
E&I reverse auctions are a powerful tool for institutions looking to secure the best available pricing on a range of goods and services

**Key Benefits**

- Maximized Cost Savings
- Reduced Administrative Effort
- Greater Control of the Process
- No Cost to Participate
- Deep Expertise and Experience
Consulting Services

• We will show you the opportunity
  ➢ 20% to 25% of your operating budget is non-personnel spend
  ➢ Up to 86% of that is ‘addressable spend’
    ▪ (Based on data for 39 institutions)

• We will show you the ROI
  ➢ An investment in procurement:
    ▪ Will generate a return
    ▪ Will generate financial resources (savings) for redirection

• We will help move procurement from transactional to Strategic
How We Do This

• **We will work with you:**
  - To elevate your operation to “best in class”
  - To identify and analyze your spend
  - To develop a strategic sourcing plan
  - To make sure you are appropriately staffed
  - To showcase the value of effective procurement
  - To make the procurement value proposition more visible
  - To measure the results
  - To justify the investment in strategic procurement
ESG Leadership

• Our Senior Management Team

ESG is comprised of subject matter experts with extensive experience at leading colleges and universities

- Gary D. Link, C.P.M. - Senior Vice President
- Ralph Maier - Vice President, Eastern Region
- Ray T. Jensen, C.P.M. - Vice President, Western Region

Over 100 years of leadership experience in higher education
Select Clients

- Rensselaer Polytechnic Institute
- University of Hawai'i System
- Brandeis University
- Auburn University
- Stanford University
- Suny University
- Northeastern University
- Emory University
- The George Washington University
- Cornell University
- California State University Fullerton
Contact Information

Sue Peters
speters@eandi.org
507.829.6917