



University of Missouri Procurement Services

FY 2005 Annual Report

Procurement Services manages the purchasing operations for the University of Missouri four-campus system. This department strives to provide high quality customer service by providing quality products and services at low cost, while encouraging diverse Missouri suppliers to develop business relationships with the University of Missouri. In FY 2005, the total value of goods and services procured increased 15.56% to nearly \$390 million. The table on page 3 of this report summarizes the University's spend for the last two years.

With the consolidation of Procurement Services in 2001, the University has seen an annual savings on contracts in excess of \$14 million. These savings are the direct result of standardizing on commodities and using the four-campus and hospital buying power to reduce commodity cost. In this way, departments spend less on these commodities while still obtaining necessary products. An example of these savings is the annual \$2.5 million attributed solely to the University's contract with Dell. It should also be noted that purchasing via the Purchasing Card netted a rebate to the campuses of over \$657,500 for the year.

Procurement Services also reviews current operating efficiencies and other available programs to continue to reduce cost. In FY 2005, Procurement Services developed the University of Missouri Surplus eBay Program for selling surplus property. This program netted \$66,000 in its pilot first year. University departments will see significant returns on surplus property as the program becomes fully implemented.

In recognition of increased web use by customers and suppliers, Procurement Services improved its web pages. Suppliers can now easily review bid request for all campuses, improving business relationships with all suppliers. The new sites are also more user-friendly for the campus and hospital customers when reviewing and purchasing commodities. Additional improvements are planned for FY 2006.

Major Initiatives

The following highlights several contracts or process changes that were implemented in FY 2005 in support of system wide procurement.

Office Supply Contract

Corporate Express was awarded the Office Supply Contract for the University of Missouri. In addition to lower costs on office supplies, the University received \$63,750 in rebates plus \$50,000 for award of the contract. An additional \$50,000 will be paid to the University each of the next two years. The University will continue to see annual rebates that are based on supplies purchased. In FY 2006, additional marketing of the program is planned that will help department staff understand how they can save more by better using this contract.

University of Missouri Surplus eBay Program

All four campuses have a surplus property program in which unwanted items of value are auctioned off to the general public. In recognition of eBay's success and the potential to not only reduce cost but to bring in a higher return for these unwanted items, Procurement Services began a pilot eBay program in FY 2005. The University's Surplus eBay Program was instantly successful as sales on eBay returned 90-100% more on many items than what would have been obtained at local auctions. This program is being expanded in FY 2006. Specialty items including scientific and hospital equipment have done particularly well with this program.

Dell Computers

As reported, annual savings on this contract for FY 2005 was \$2.5 million. In addition, Dell's asset recovery program was implemented when cost effective.

New Release of PeopleSoft

PeopleSoft 8.8 was implemented and customer training provided.

New Commodity Contracts

• Sigma-Aldrich (scientific supplies)	\$120,000 estimated annual savings
• Graybar Electric (electric supplies, blended contracts)	\$ 10,300 estimated annual savings
• PPG Industries (paint supplies)	\$ 51,700 estimated annual savings
• Archway Lighting Supply (electric lamps)	\$ 65,900 estimated savings
• Renegotiated paper contract	\$ 40,000 estimated savings
• New pricing program with major newspapers	<u>\$ 21,300</u> estimated savings
TOTAL SAVINGS	\$309,200

Miscellaneous Contracts

• Scientific Equipment for the Life Sciences Building, \$1.8 million	\$820,000 savings for Life Sciences
Contract made available to campus departments	\$400,000 savings for other depts.
• Online Reference Service for MOREnet, \$839,410	<u>\$ 92,090</u> estimated savings
TOTAL SAVINGS	\$1,312,090

FY 2004 & FY 2005 PROCUREMENT SUMMARY

FY 2004	P-Card Transactions	P-Card Dollars	Requisition Transactions	Purchase Order Dollars	Total Dollars Spent
Columbia*	240,719	\$52,540,942	8,406	\$124,125,766	\$176,666,708
Kansas City	53,023	14,095,826	1,900	15,329,337	29,425,163
Rolla	42,873	8,418,810	1,174	8,439,008	16,857,818
St Louis	27,211	5,951,996	4,449	13,388,233	19,340,229
Campus Totals	363,826	\$81,007,574	15,929	\$161,282,344	\$242,289,918
Hospital	16,631	4,062,203	N/A	90,896,373	94,958,576
Totals	380,457	\$85,069,777	15,929	\$252,178,717	\$337,248,494

FY 2005	P-Card Transactions	P-Card Dollars	Requisition Transactions	Purchase Order Dollars	Total Dollars Spent
Columbia*	260,694	\$62,273,874	8,545	\$126,887,782	\$189,161,656
Kansas City	56,761	15,760,111	2,103	15,441,160	31,201,271
Rolla	46,233	10,820,459	1,203	9,015,825	19,836,284
St Louis	28,708	7,056,228	4,544	11,897,464	18,953,692
Campus Totals	392,396	\$95,910,672	16,395	\$163,242,231	\$259,152,903
Hospital	22,443	6,183,367	2,474	124,651,071	130,834,438
Totals	414,839	\$102,094,039	18,869	\$287,893,302	\$389,987,341

Comparison of FY 2004 & FY 2005	P Card Transactions	P-Card Dollars	Requisition Transactions	Purchase Order Dollars	Total Dollars Spent
Columbia*	8.30%	18.52%	1.65%	2.23%	7.07%
Kansas City	7.05%	11.81%	10.68%	0.73%	6.04%
Rolla	7.84%	28.53%	2.47%	6.84%	17.67%
St Louis	5.50%	18.55%	2.14%	-11.13%	-2.00%
Hospital	34.95%	52.22%	N/A	37.14%	37.78%
Totals	9.04%	20.01%	**2.93%	14.16%	15.64%

* Includes System and Extension data

** Does not include Hospital