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| **1. Strategic Sourcing Initiative Title:** | Equipment Maintenance Management Program |
| **2. What is the current case for action, i.e., what matters are at hand that support the initiative and reason(s) for change?** | The contract that is currently in place is ending on June 30, 2019 and requires an RFP to go back out to market in order for the department to make sure that they are receiving the best possible pricing and services. The current contract was completed back in 2008. |
| **3. Who are the key stakeholders for this initiative and what are their roles?** | * The Vice President for Research’s Office- Martha Peterson
* Fiscal Affairs- Nancy Ison & Judy Duncan
* PIs and Researchers that utilize the program currently
* PIs and Researchers that could switch to the program to save money and effort.
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| **4. As part of the case preparation, what steps did you take to obtain buy-in and support of key stakeholders?** | We met with the VPRs office, fiscal affairs and some of the current users of the program to receive feedback on the likes and dislikes of the current program in order to write a comprehensive RFP that covered all of the key aspects that were important to them. |
| **5. What market research efforts did you perform from what sources and how did you arrive at the market research data?** | I started out with a Google search to see who the competitors in the market were. There are quite a few companies in the market, but they vary on the types and sizes of clients they work with. I also consulted with the VPR’s office to see how much knowledge they had on this kind of program at other schools or with other vendors. |
| **6. From your analysis, describe the competitive space for this initiative. Who are the competing/alternate suppliers for these goods/services?** | There are several companies in the market currently that do equipment maintenance management. Some are more experienced than others in the academic market. The biggest competition in the academic market that we can see for our current contract holder (Unity Labs), would be Agilent and Specialty Underwriters. |
| **7. As you reviewed the spend and product mix, what facts did you learn that may be relevant to the initiative?** | For FY 2018, the University payed Unity Labs (the current vendor) $2.3 million for the equipment listed on the contract. In FY 2017, UK payed about $2 Million to Unity Labs, and in FY 2016 $2.7 Million. |
| **8. What do you identify as the key cost drivers for current purchases?** | Conversations with key stakeholders and management in the UK purchasing office revealed that at least one key player in the market was highly interested in competing with the current vendor as they had been contacting campus about opportunities to bid. The previous RFP was also awarded 10 years prior, which meant that it was best to go back out to market and see how the pricing compared to what we were currently paying. Also, if we could get a good, value- oriented contract in place and educated departments on campus, we could get more equipment added to the program, which should lower the cost of the program as a whole. |
| **9. What do you identify as the key savings levers for this initiative?** | Preventative maintenance is better overall approach than per hour rate repairs when equipment breaks down, especially for older equipment. It not only saves time by the equipment being functional more often, but it also can save money if enough equipment is added to a maintenance program. If we can educate more departments on the benefits of the program and can get more equipment enrolled, it will directly affect the cost of the program to the University. Improved use of technology (such as dashboards) can also help to save money during the life of the maintenance program. The equipment listed on the program and how often that equipment is being worked on can help identify potential savings opportunities. The department could consider retiring a piece of equipment and look into the cost of purchasing a new piece of equipment if it is being worked on frequently or they can continue repairing the equipment as issues arise. Being able to compare the costs of both scenarios would give more visibility and information into the process of making that decision. |
| **10. What benchmarking efforts were undertaken as part of the Business Case and how do you propose we use benchmarking to benefit the initiative?** | No benchmarking data was available. We used the previous 3 years of spend to get a handle on how much was being spent at UK. These programs vary widely from school to school because depending on what equipment and how much equipment is chosen to be added to the program drives the cost. |
| **11. What are some of the industry leading best practices for this commodity?** | Using the approach of getting as many pieces of equipment as possible on the preventative maintenance contract instead of doing hourly rate repairs as things break down. Technology is also getting more and more important. The ability to have visibility on what equipment is currently on a program, the equipment that is breaking down most often (or least often), etc. |
| **13. What data analysis approach did you use to prepare the Business Case and to identify savings?** | The current spend data for the last three years with Unity Labs was extracted from SAP so that we have baseline data to compare against. |
| **14. What spend data was analyzed and for what periods?** | Total Spend on Contract for FY 2016, 2017 and 2018. |
| **16. What are the key findings from stakeholder communications / feedback relating this initiative or the current supplier or process (if a rebid)?** | The End-users were relatively satisfied with the service level they were receiving. However, they would like better technology and more visibility into reports and dashboards. Currently they have to request reports from Unity directly. Rebates or other financial incentives were also important to them. |
| **18. What opportunities do you see for process improvement that would benefit the customer experience and create value?** | Currently we pay Unity Labs on a central cost center and the VPR’s office divides out the charges to each area. The VPR’s office would like to see if there are more direct ways of billing so they don’t have to be the middleman. Improved inventory tracking of the equipment on the program, life expectancy of that equipment, and other reports and data would be helpful to both labs and the VPR’s office. Substitute equipment rentals when a piece of equipment breaks down, reimbursements for in house equipment fixes, and other value-added programs would be a nice addition as well. |
| **19. If there are current contract(s) for this initiative, describe the relevant details: effective date, expiration date, termination clauses, current financial incentives, etc.**  | UK- 0772-8 Equipment Maintenance Management Program is effective until June 30, 2019. The current contract was awarded to Unity Labs back in 2008. A Financial Incentives with Unity Labs would be the Shared Savings Feature. For each agreement year, should all costs paid by Thermo Fisher be 75% or less than the Agreement cost collected, Client will receive a return equal to 50% of the difference paid by Thermo Fisher and 75% of the Agreement cost. |
| **20. If this relates to rebid of an existing contract, what aspects of the current contract or supplier performance can be improved?** | Access to more online reports and dashboards for the Fiscal Affairs Department is very important. Currently, they are having to request all of that data from the vendor on an as-needed basis. We also believe after a little over 10 years, that pricing could be more competitive at this time. |
| **21. Are there any opportunities at hand to improve the technology approach for purchase of these goods or services?** | Technology is a huge piece to this program. There are so many savings opportunities that could be taken advantage of if we had better online dashboards, reports, data, etc. to be able to have more visibility into the program. Currently we are having to request all of the information on as as-needed basis for Unity Labs. Being able to track the equipment that is breaking down the most/least could be helpful in that we could potentially change the coverage levels on those pieces to be more appropriate or even possibly retire the piece of equipment if it is costing more than it is really worth. |
| **22. Describe the proposed Action Plan and Strategy Considerations for this initiative.** | I would propose that a new RFP go out to market. Major players in the market will be included on the invitation list. Vendors who can provide the criteria listed in the RFP respond by the due date. A committee of Key Stakeholders review the submissions and discuss pros and cons of each. The vendors would then be narrowed down according to what they are able to offer and how much those components are valued by the committee. Once a vendor has been chosen, extending out an additional BAFO offer to see if additional savings could be achieved. |

**Business Case Dashboard(s)**

Listed below find the dashboard relating to the Business Case:

