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Procurement –
Driving Organizational Value

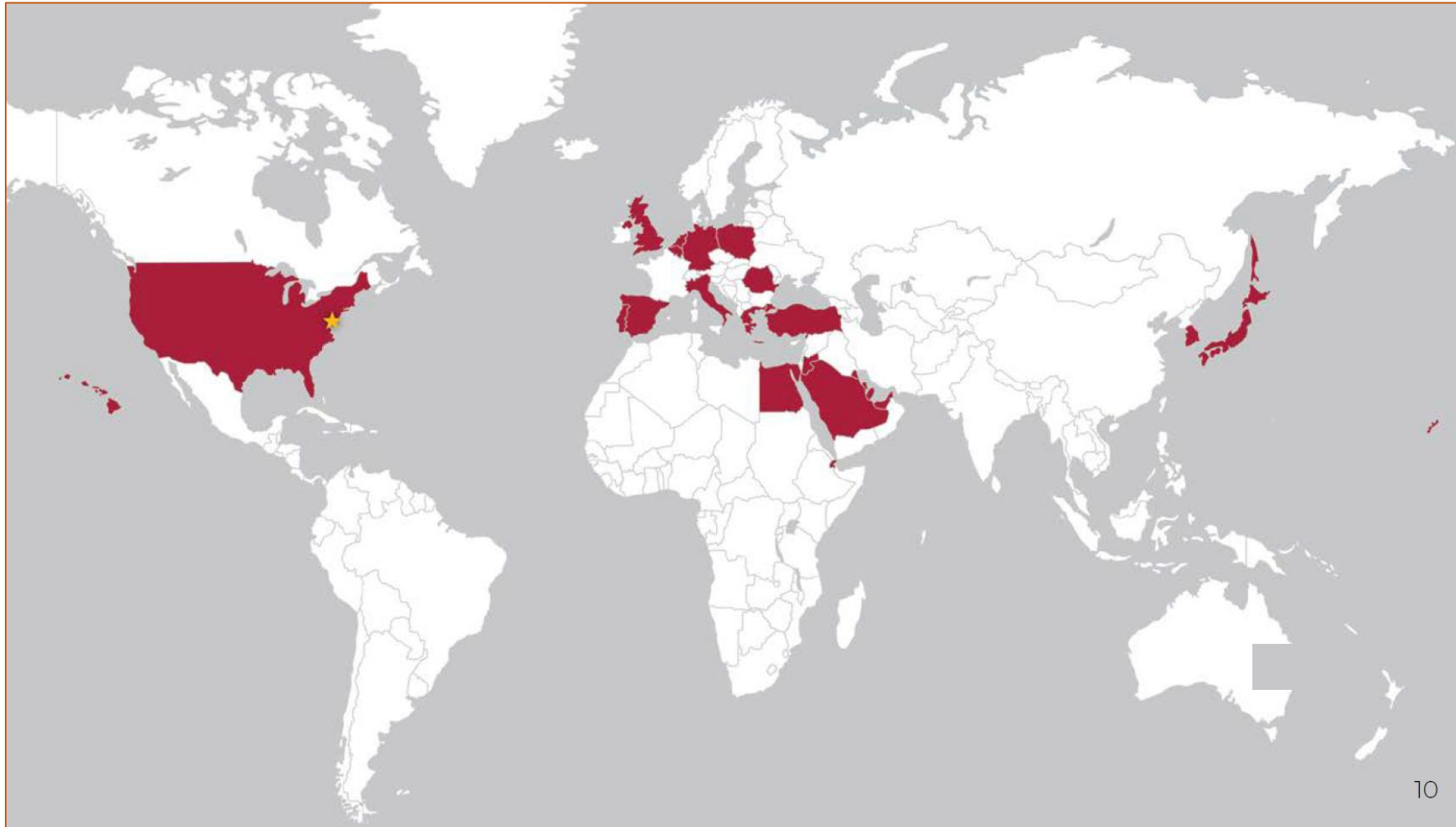
Welcome

- *Little about me...*
- *Little about what we are going to do today...*











Class Outline

- Procurement Fundamentals
- Types of Procurement
- Important Concepts
- Case Study (activity)

***The only bad question is
the one you don't ask.***





Procurement Fundamentals

Core Principle

- Fairness
- Integrity
- Transparency

Process

- Identify Need
- Sourcing & Selection
- Negotiation & Contract
- Supplier Relationship

Procurement Fundamentals cont.

3 P's

- People
- Paperwork
- Process

5 Right's

- Quality
- Quantity
- Time
- Place
- Price

Value of Procurement



Types of Procurements

Raise your hands...

name one type of procurement you have used

- Informal Quote
- Invitation for Bid
- Request for Proposal
- Request for Qualification
- Non-Competitive (Sole Source, Best Value Determination, Bid Waiver)



Types of Procurements

Method of Procurement	Description
Informal	Low dollar purchase, typically delegated to departments outside of the procurement office using one quote rule. May include certain minimum verification requirements or inclusion of small business.
Invitation to Bid	Quantitative method allows for strict definition of needs and typically awarded to bidder that provides the lowest price or best value as defined.
Request for Proposal	Qualitative method that allows supplier to respond definition of needs. Proposed solution/approach may be different, and evaluation based on published criteria.
Request for Qualification	Generally, the same as RFP, but you <u>DO NOT</u> evaluate price, in the selection of professionally services. This is generally governed by statute.
Non-Competitive	Negotiated method of procurement that does not include competition due to sole source or extraordinary reason as allowed by governing rules.

Methods noted above subject to variation based on local governance.

Procurement with Purpose

WHY WE EXIST — PURPOSE

Fueling the Mission

Transforming institutional investment into educational opportunities for UMGC through ethical sourcing, fiscal stewardship, and strategic partnerships.

WHAT WE ASPIRE TO BE — VISION

A World-Class Procurement Operation

A world-class procurement center of excellence, recognized for strategic leadership, innovative partnerships, and an unwavering commitment to advancing excellence at UMGC.

HOW WE OPERATE — MISSION

Partners in Purpose

Driven by integrity and collaboration, the UMGC Office of Procurement partners across the university to secure the resources, services, and solutions that transform lives. We bring agility to every challenge, diversity to every decision, and purpose to every procurement, because behind every contract is a learner whose dreams depend on us.

Procurement with Purpose

Our Guiding Values

Integrity First

We base every decision on principles of transparency, accountability, and ethical practice.

Learner-Centered Stewardship

We treat every dollar as an investment in a learner's future, not just an institutional expense.

Strategic Partnership

We collaborate across the university and with suppliers to build relationships that drive lasting value.

Agility & Innovation

We embrace change, leverage data, and continuously improve to serve UMGC's evolving needs.

Inclusive Excellence

We celebrate diverse perspectives in our team, our suppliers, and our decisions.



Important Concepts

Category Management

strategic approach where similar products or services are grouped to optimize purchasing decisions, streamline processes, and maximize efficiency.

Spend Aggregation

process of combining purchases across different departments, locations, of business units to leverage the organization's combined buying power and negotiate better terms and conditions with suppliers.

Case Study 1 – *unmanaged AI spend*

Your university is facing compounding budget pressure: federal indirect cost reimbursement caps, reduced state appropriations, and flat enrollment.

An internal audit reveals departments have independently subscribed to **80+ software and AI tools** at a cost of **\$12M annually** with no central contracts, no volume leverage, and no data security oversight.

The Board mandated **\$20M in operational savings** within 24 months, and a new supplier diversity policy requires **15% of discretionary spend** go to diverse suppliers.

You have **90 days** to present a plan...

Case Study 1 – *unmanaged AI spend cont.*

YOUR TASK

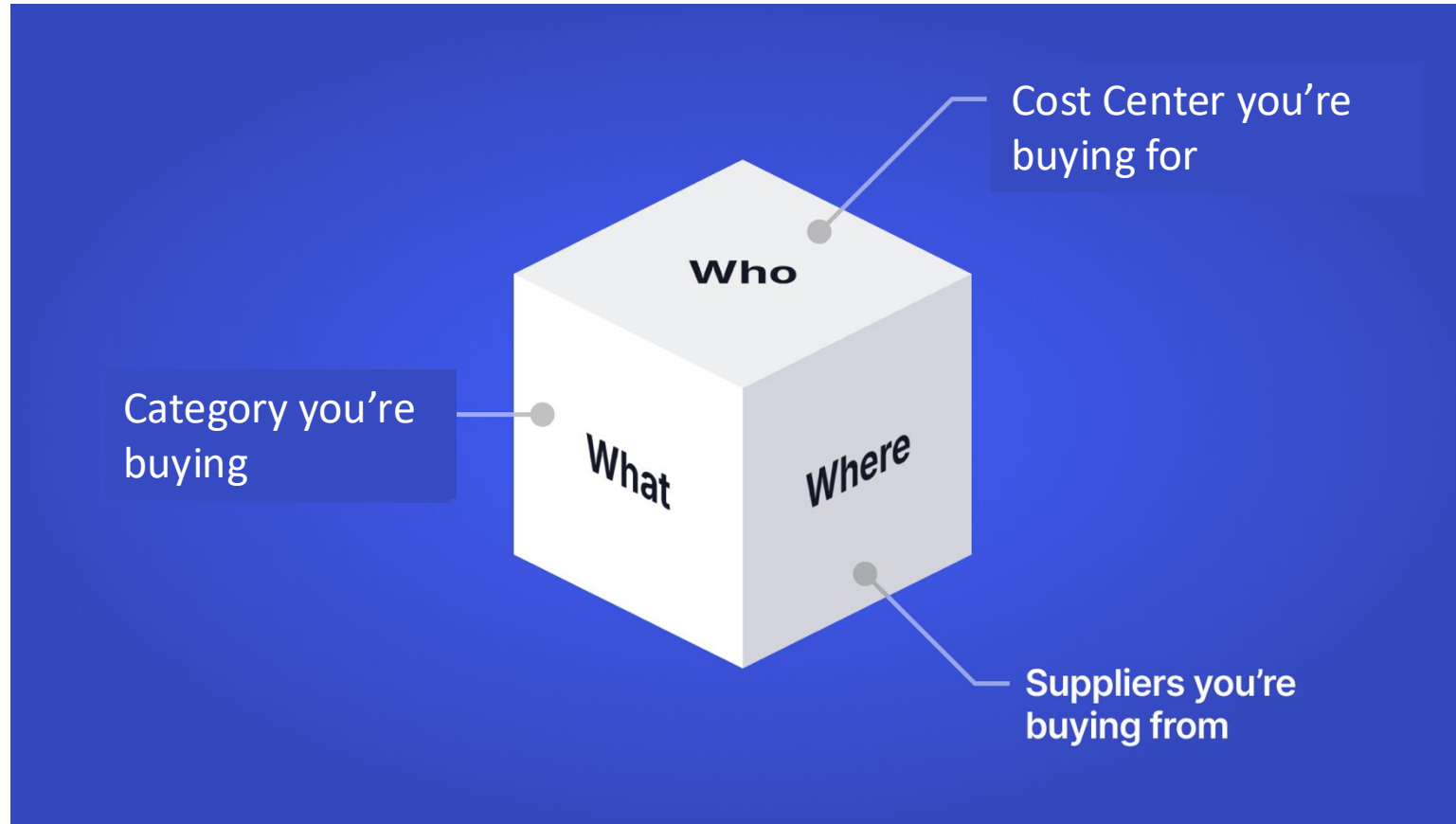
Working in your group, develop a high-level **Category Management and Spend Aggregation strategy**.

- Be prepared to address:
 - Where do you **start** — and what data do you need first?
 - What are your **quick wins** vs. long-term targets?
 - What **risks** do you see — financial, political, and compliance?
 - How does the supplier diversity requirement change your approach?

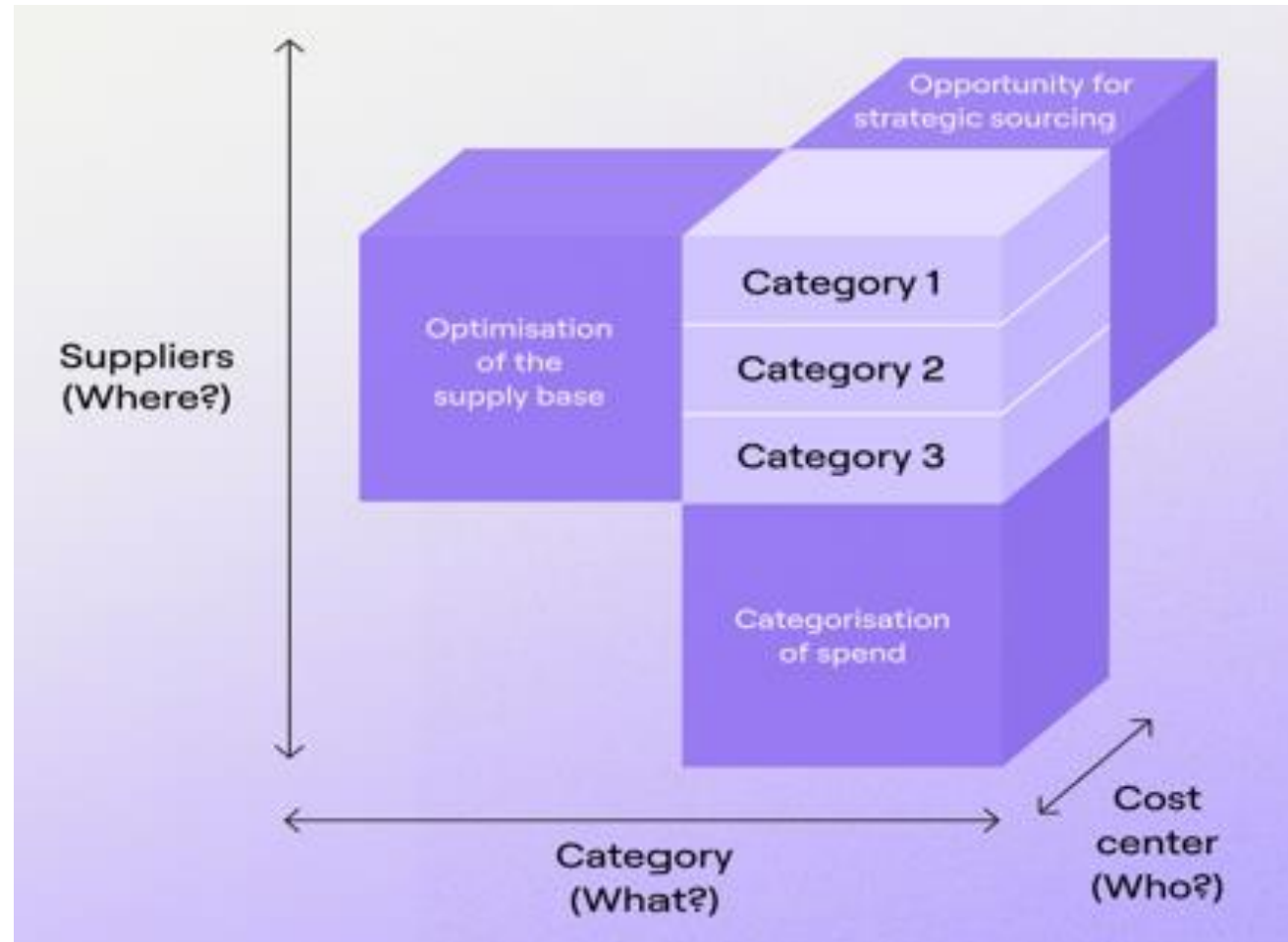
Manage Expectations



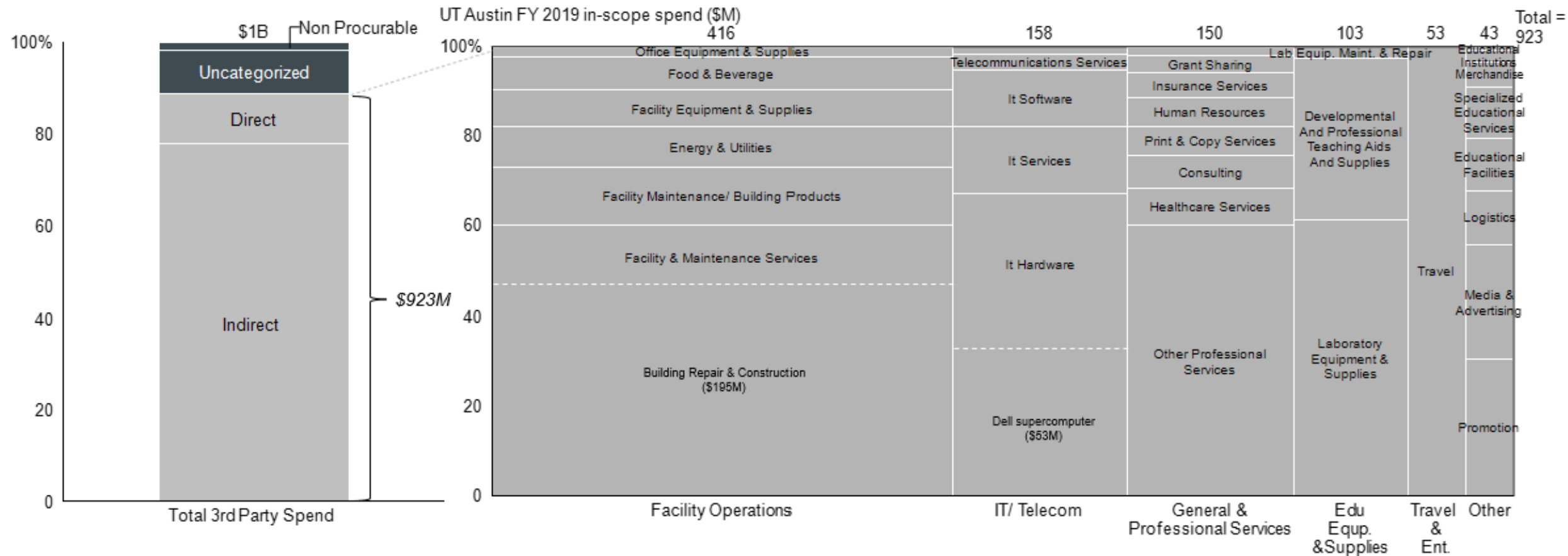
What is a Spend Cube



What is a Spend Cube



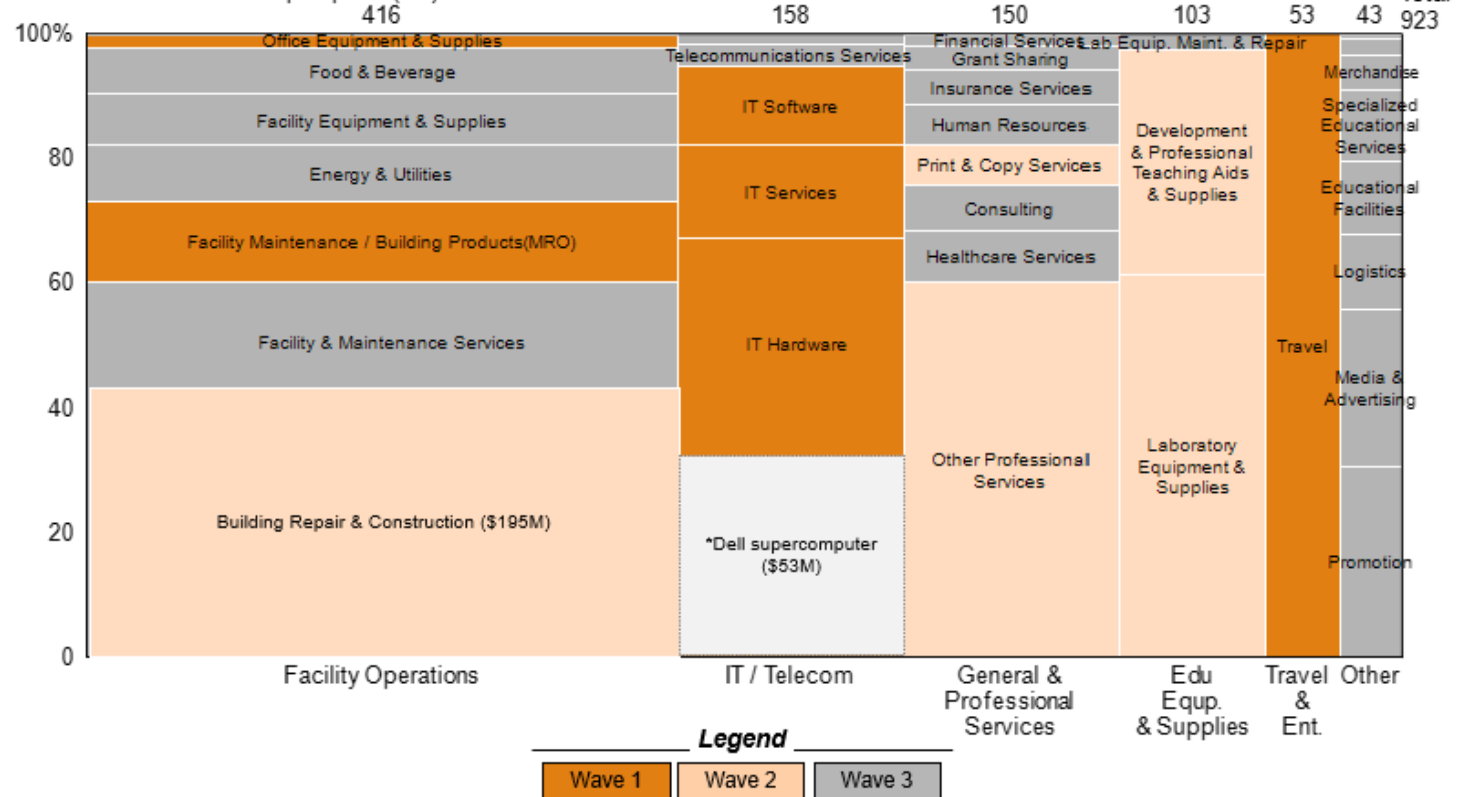
Sample Spend Cube Analysis



Sample Target Categories

Potential low-disruption & high-value categories

UT Austin FY 2019 in-scope spend (\$M)



W1 Categories	Spend	W2 Categories	Spend
① IT Hardware- Dell supercomputer removed	\$53M	⑧ Building Repair & Construction	\$195M
② Facility Maintenance / Building Products - FF&E removed	\$38M	⑨ Other Professional Services	\$90M
③ IT Services	\$24M	⑩ Lab Equipment & Supplies - gases and chemical removed	\$63M
④ IT Software - Workday removed	\$20M	⑪ Development & Professional Teaching Aids & Supplies	\$37M
⑤ Office Equipment & Supplies	\$9M	⑫ Print & Copy Services	10M
⑥ Facility & Maintenance Services - Janitorial & security services	\$8M		
⑦ Travel - Cost avoidance	\$53M		

Total = ~\$600M

Case Study 2 – *helium supply crisis*

The federal government has **terminated or frozen \$47M in active grants** mid-project. You are holding \$6.2M in open purchase orders tied directly to those grants

The university operates **14 NMR spectrometers and 3 MRI research systems** across its chemistry, physics, and biomedical engineering programs all dependent on liquid helium.

Your gas supplier notified the university that **deliveries are being cut by up to 50%** due to damage to Qatar's Ras Laffan production facility from Middle East conflict and the effective closure of the Strait of Hormuz.

Spot prices for liquid helium have **doubled since February**. Research labs are lower priority in allocation queues than hospitals and semiconductor manufacturers.

With both the Red Sea and Strait of Hormuz effectively closed, all Asia-to-U.S. East Coast shipments are rerouting around the Cape of Good Hope adding **10–15 days** to transit times and **15–25% in freight surcharges**.

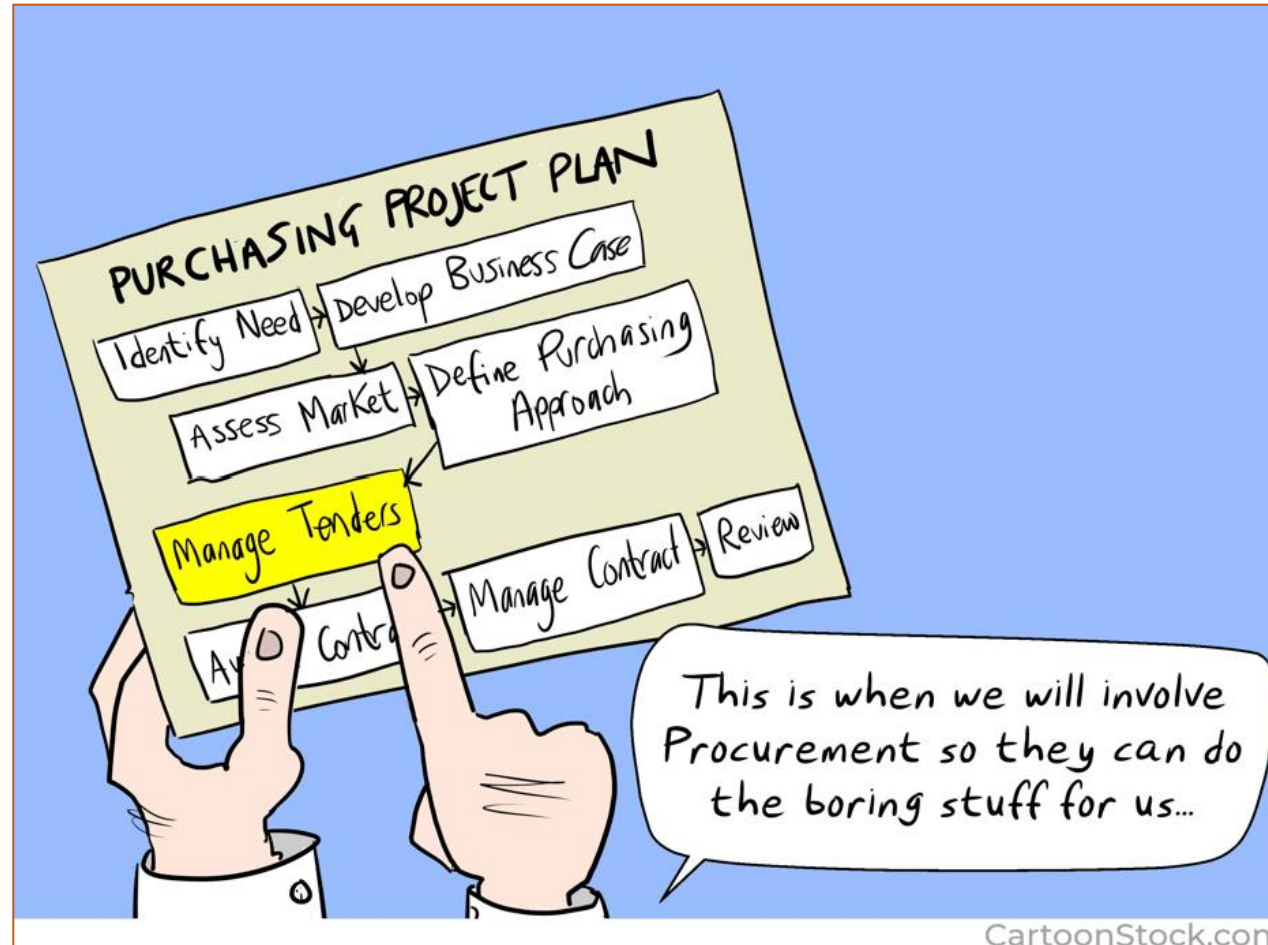
Three pieces of critical equipment currently in transit have unknown delivery windows. Carriers are refusing to commit to schedules.

Case Study 2 – *helium supply crisis*

Working in your group, develop a **triage and response strategy**. You cannot solve everything and you must prioritize.

- **Rank the four crises** by urgency to the institution. Defend your order.
- What do you do **this week** with the \$6.2M in open purchase orders tied to frozen grants?
- Helium cannot be easily substituted for most NMR work. What is your **procurement strategy** for securing supply and what do you tell the researchers who may have to pause experiments?
- Your distributor wants you to sign an amended agreement accepting the new tariff-adjusted pricing. Do you **sign, negotiate, or challenge it** and on what grounds?
- What **contract provisions**, had they existed, could have reduced your exposure?

What's the secret?



Key to Success

Effective and early communications are critical for Procurement success

- Listen to one another
- Build trust
- Foster collaboration
- Streamline processes
- Manage risks



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Art of *Procurement*...

Remember *communications is key to success.*

- Engage early
- Drive organizational value
- Leverage your total buying power
- Procurement will help you to be most successful

Choose a job you love, and you
will never work a day
in your life.

Confucius

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