Objectives

The ITLC thinks we are “leaving significant money on the table.” We would like to establish a stronger partnership with Procurement to drive greater IT savings for the UC System.

Revisiting the goals from 2015

• Create a shared vision for IT Procurement between systemwide and campuses
• Deploy a requirements gathering and prioritization process that is jointly-sponsored by the PLC and ITLC

Updated goals for 2016

• All of the above, plus...
• Create a greater sense of partnership with UCOP Procurement
• Put the organizational structure and resources in place to ensure success
Recent IT Procurement Efforts

January 2015 – October 2015
The IT Sourcing Joint Working Group...

Procurement and IT Leadership agreed to convene a joint working group to consider how current IT sourcing processes could be improved.

**Objectives**

1. Develop shared understanding and statements about the business problems to be solved through IT sourcing

2. Develop high-level definition of the key business and interaction processes between IT and Procurement communities

3. Develop an agreed process for prioritizing work and sharing information

4. Develop shared agreement of who should play what roles in these processes

**Members**

- Tom Andriola, UCOP/UC Health Information Technology Services
- Andrew Wissmiller, UCLA Information Technology Services
- Justin Sullivan, UC Strategic Sourcing Center of Excellence
- Tom Trappler, UC Strategic Sourcing Center of Excellence
- Diane Yoder, UC Strategic Sourcing Center of Excellence / CSWG Co-Chair
- Bill Propst, UCLA Campus Procurement
- Bob Hudack, UCI Office of Information Technology / TAS Chair
- Gabe Youtsey, ANR Communication Services & Information Technology / CSWG Co-Chair
A Shared Goal For Strategic Sourcing:

The overall goal of systemwide IT sourcing is to optimize the **VALUE** of procuring products and services leveraging UC’s size and scale.

**VALUE** includes:

– Sourcing the right things (i.e., meets needs and requirements) in a timely manner
– Reducing cost through savings on both the initial procurement and total life-cycle management
– Managing risk related to performance, security, privacy, compliance, and other factors
Our Shared Systemwide Client Group is Complex...

<table>
<thead>
<tr>
<th>✓ Organizational</th>
<th>Populations</th>
<th>Domains</th>
<th>✓ Functional Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>UC System</td>
<td>Students</td>
<td>Learning</td>
<td>Enterprise</td>
</tr>
<tr>
<td>Campuses</td>
<td>Faculty</td>
<td>Research</td>
<td>Specialized</td>
</tr>
<tr>
<td>• Vice Chancellors / Vice Provosts</td>
<td></td>
<td></td>
<td>Consumer</td>
</tr>
<tr>
<td>• College / Divisions / Departments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Professional Schools</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Research Centers, Labs and Institutes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical Centers</td>
<td>Staff</td>
<td>Clinical Administration</td>
<td></td>
</tr>
<tr>
<td>• Medical Schools and Labs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Hospitals and Clinical</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Differentiating needs by *functional scale* (enterprise / specialized / consumer) and *organizational levels* (system-wide / campus / medical center) are probably the most useful segmentations to begin with.
Successful Sourcing Requires Strong Joint Participation Before, During and After the Sourcing process…

<table>
<thead>
<tr>
<th>Program Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Identify needs and opportunities for system-wide IT sourcing</td>
</tr>
<tr>
<td>• Establish priorities for system-wide IT sourcing vs. campus IT sourcing</td>
</tr>
<tr>
<td>• Specify product and/or service requirements related to system-wide IT sourcing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategic Sourcing</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Source and negotiate system-wide and campus contracts for IT products and services</td>
</tr>
<tr>
<td>• Communication of work in progress</td>
</tr>
<tr>
<td>• Communication of completion and engagement model for system-wide contracts</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Promote, deploy and support IT products and services available through system-wide contracts</td>
</tr>
<tr>
<td>• Ongoing management of vendor relationship and decision making regarding renewal (or termination) of system-wide IT contracts</td>
</tr>
<tr>
<td>• Measurement, evaluation and continuous improvement of the IT system-wide sourcing process</td>
</tr>
</tbody>
</table>
A process for prioritization...

On-going project delivery and communication

High-Level Responsibilities

**ITLC/PLC**
- Articulation and synthesis of location IT requirements.
- Prioritization decisions for systemwide sourcing
- Communication of systemwide and location priorities
- Escalation point for critical requirements or negotiation issues

**Strategic Sourcing**
- Inform requirements gathering with available data and information
- Lead the sourcing and negotiation process for systemwide agreements
- Communicate work-in-process to location procurement and IT organizations
- Communicate details of new agreements to location IT and procurement organizations

**Work Group**
- Manage collection of campus requirements information
- Make recommendations to ITLC/PLC regarding priorities
- Provide subject matter expertise during strategic sourcing process
- Provide feedback from the community to inform the prioritization

**Location Procurement**
- Implement local procurement and payables process with supplier
- Collection of feedback from location community

**Location IT**
- Communicate and manage the deployment of solutions to campus communities
Recommendations ...

Requirements

• Campus CIOs and CPOs should be jointly accountable for articulating and synthesizing location IT needs.

• Requirements gathering can be standardized for review and prioritization systemwide.

• Requirements gathering can be segmented by client group and functional need to understand urgency and value objectives.

• Requirement gathering can potentially be delegated to pre-existing groups.

• Existing spend and contract data can be used to inform location requirements.

Prioritization

• The ITLC and PLC should jointly own decision making on priorities for system-wide sourcing.

• Existing groups should be specifically staffed and engaged to participate in requirements collection and to make recommendations regarding procurement to the ITLC and Procurement.

• ITLC and PLC members should assume a leadership role in promoting collaboration and effectiveness in communicating system-wide sourcing priorities.
Recommendations

Sourcing Process

• The sourcing and negotiation process for system-wide agreements is owned and lead by the Strategic Sourcing Center of Excellence.

• Participation of the right functional and location Subject Matter Expertise is essential to creating effective solutions that meet requirements.

• The ITLC and PLC are the escalation point for decision making if there is not clear consensus regarding requirements and negotiation points.

• Strategic Sourcing communicates work-in-process to Campus Procurement and IT, with the campus groups communicating to the communities beyond as necessary.

Program Management

• Strategic Sourcing is responsible for communicating the details of new agreements to Campus IT and Procurement organizations.

• Campus procurement is responsible for defining the local procurement and payables process for the agreement.

• Campus IT is responsible for communicating and managing the deployment of solutions to the relevant campus communities.

• Campus IT and Procurement share responsibility for collecting feedback from the campus community and informing the prioritization process.
Looking ahead for UC IT Strategic Sourcing
Since early 2015...

- ITLC and PLC began an IT Sourcing process, with mixed results.
- ITLC recognizes IT Sourcing is important committing sufficient time to ensure success is hard.
- Procurement Services has collected IT Sourcing priorities ad hoc from various IT experts based on their interest.
- TAS continues operation as a software interest and coordination group.
- CSWG has lost momentum due to lack of new identified priorities and all-volunteer staffing.
- UC Health is demonstrating success with LSFV.
- Vendors continue to “divide and conquer” UC locations on price and terms.
Lessons from UC Health Leveraging Scale for Value

**UC Health IT Vision**

Make decisions jointly to improve alignment and leverage
- System selections, technology architectures, vendor partnerships

Increase consolidation of common IT infrastructure services
- Data centers, computing, storage, operations

Employ delivery models driven by business strategy and the IT marketplace, while moderating organizational risk
- Insourced, outsourced, centralized at UC, shared across UC

Support UC Health system-wide thinking
- Examples: EHR, Radiology, Supply Chain, Rev. Cycle, Info. Security
- Big Data, Population Health, Clinical Integration Network

Support both local and UC Health objectives
Lessons from UC Health Leveraging Scale for Value

Sources of Value: Current & Future

<table>
<thead>
<tr>
<th>Source</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17 (E)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lower-the-Curve Value</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1: Commodity IT Buys</td>
<td>$2.7M</td>
<td>$6.0M</td>
<td>$6.0M</td>
</tr>
<tr>
<td>2: IT Oper. Expenses</td>
<td>-</td>
<td>$0.2M</td>
<td>$1.5M</td>
</tr>
<tr>
<td><strong>Bend-the-Curve TCO</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3: IT Solution Standards</td>
<td>-</td>
<td>$0.3M</td>
<td>$0.4M+</td>
</tr>
<tr>
<td>4: Shared Software Buys</td>
<td>-</td>
<td>$1.1M</td>
<td>$3.2M</td>
</tr>
<tr>
<td>5: Shared Data Centers</td>
<td>-</td>
<td>$2.5M</td>
<td>$11.4M</td>
</tr>
<tr>
<td>6: Co-sourcing Models</td>
<td>-</td>
<td>-</td>
<td>$5.6M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2.7M</td>
<td>$10.1M</td>
<td>$28.1M</td>
</tr>
</tbody>
</table>

Sources of Value

[Graph showing Estimated Value, $M for FY15, FY16, and FY17]

Preliminary / Work In Progress
UC IT Sourcing Business Objectives: Adopt UC Health?

1. Make decisions jointly to improve alignment and leverage
   • System selections, technology architectures, vendor partnerships

2. Increase consolidation of common IT infrastructure services
   • Data centers, computing, storage, operations

3. Employ delivery models driven by business strategy and the IT marketplace, while moderating organizational risk
   • Insourced, outsourced, centralized at UC, shared across UC

4. Support UC IT system-wide thinking
   • Examples: Info. Security, Academic Recruiting, Risk & Safety, Big Data

5. Support both local and UC objectives
Taking the Next Steps

• ITLC is committed to reengaging on IT Strategic Sourcing
• Identify common IT business objectives to drive sourcing
• Renewed commitment to IT/Procurement partnership
• The UC Health LSFV model is one the campuses can draw upon
• CIOs are prepared to take leadership in setting IT Sourcing priorities and objectives
• Campus CIO/CPO relationship is a paramount key to success
• UC IT needs a dedicated resource to drive the program
• IT and Procurement need to be deeply embedded together in the IT Sourcing process
Overview of UC IT Strategic Sourcing

**Role:** Prioritization support, addressing challenges, providing advice

**Role:** Prioritization, requirements definition, vendor negotiation, business/funding models, campus engagement, campus IT/Procurement alignment

**Role:** Requirements gathering, campus coordination, sourcing collaboration, information sharing

**Role:** Prioritization, requirements definition, vendor negotiation, business/funding models, campus engagement, campus IT/Procurement alignment

**Role:** Requirements gathering, campus coordination, sourcing collaboration, information sharing

**Role:** Leadership and coordination of all IT Sourcing activities. Lead the ITSS, participate on ITSCI, participate FULLY in the procurement process with UC Procurement IT COE, give updates to the ITLC and PLC, participate in campus engagement

**Role:** Vendor negotiation and management, advice and expertise

**Role:** Informed and engaged with both IT Sourcing lead and UC Procurement. Partner in campus engagement and business/funding models

**Role:** Addressing challenges, providing advice

--

**IT Sourcing Committee**

**ITLC UC CIOs**

**PLC UC CPOs**

**IT Sourcing Program Manager**

**Campus Procurement**

**Software and Services Coordination Group**

**Sourcing Efforts of ITLC Committees**

**Ad hoc Work Groups**

Sourcing related to subcommittee’s technology or functional focus

ITLC Established or endorsed focused on a particular technology or functional area

Campus IT and Procurement must form strong partnerships at the local level

--

**Software Licensing Coordinators**

**UC Procurement: IT COE**

**Campus Engagement**

**UC/IT/Procurement**

**Overview of UC IT Strategic Sourcing**

**Sourcing Efforts of ITLC Committees**

Sourcing related to subcommittee’s technology or functional focus

**Ad hoc Work Groups**

ITLC Established or endorsed focused on a particular technology or functional area

Campus IT and Procurement must form strong partnerships at the local level
Overview of UC IT Strategic Sourcing

IT Sourcing Committee

Software and Services Coordination Group
- Role: Prioritization support, addressing challenges, providing advice
- Software Licensing Coordinators

Sourcing Efforts of ITLC Committees
- Role: Prioritization, requirements definition, vendor negotiation, business/funding models, campus engagement, campus IT/Procurement alignment

Ad hoc Work Groups
- Role: Requirements gathering, campus coordination, sourcing collaboration, information sharing
- ITLC Established or endorsed focused on a particular technology or functional area

IT Sourcing Program Manager
- Role: Leadership and coordination of all IT Sourcing activities. Lead the ITSS, participate on ITSCI, participate FULLY in the procurement process with UC Procurement IT COE, give updates to the ITLC and PLC, participate in campus engagement

PLC UC CPOs
- Role: Addressing challenges, providing advice

UC Procurement: IT COE
- Role: Vendor negotiation and management, advice and expertise

Campus Procurement
- Role: Informed and engaged with both IT Sourcing lead and UC Procurement. Partner in campus engagement and business/funding models

Campus IT and Procurement must form strong partnerships at the local level
IT Sourcing Committee (ITSC)

Members
• A location rep: CIO, Deputy CIO, IT Sourcing Lead
• ITLC-appointed chair
• IT Sourcing Program Manager (lead), IT COE liaison (ex officio)

Meeting frequency
• Quarterly prioritization, monthly updates

Sourcing prioritization process and criteria
• Lower cost, drive value, reduce risk

Number of projects
• Target 5, no more than 10

Campus Engagement
• Foster CIO/CPO partnership
• Engage campus leadership on IT Sourcing requirements
Software and Services Coordination Group (SSCG)

Members
• Software Licensing Coordinators
• IT Sourcing Manager (ex officio, ITSC liaison), IT COE liaison (ex officio)

Meeting frequency
• As needed by group, self-organizing

Key activities
• Information sharing, licensing coordination, requirements gathering

Campus Engagement
• Foster partnership, two-way communication to broad IT community
• Coordinate closely with campus ITSC member
• Participate in requirements gathering efforts for “bottom up” needs
IT Sourcing Program Manager

Key Responsibilities
• Program management of ITSC
• Tightly integrated member of the Procurement IT COE
• Liaison to UC Health LSFV
• Ex-officio member and liaison of SSCG
• Participate in ITLC and PLC for IT Sourcing updates
• Support ITSC campus engagement efforts
• Liaison to ITSC with other ITLC committees

Reporting
• Functionally reports to ITSC, HR reports to UCOP ITS

Success Criteria
• Position is “ROI-justified” through cost savings on system-wide agreements
• Complete IT Sourcing efforts that achieve the stated UC IT sourcing business objectives