

May/June 2015 ASDT Update



Sector collaboration continues to gain momentum

“As I mark the end of my first quarter as Sector Executive Lead, I am impressed with the efforts underway across the ASDT Initiative and the progress that has been made on a variety of projects. We continue to move forward on Wave 1 initiatives, including C-Card, Natural Gas and Vending Services (among several others), and we’ve launched four approved Wave 2 opportunities (joint procurement opportunities for Trades Equipment, Cylinder Gas, Managed Print Services and Courier Services).

Efforts will intensify into the Fall as the Joint Procurement Operations Team (JPOT), led by Dennis Silva, continues to gain momentum on Wave 1 and 2 opportunities and beyond. The JPOT has made a great start on establishing a Category Management approach, which has been endorsed by sector representatives through the Procurement Community of Practice. The JPOT has also laid the groundwork for a ‘procurement pipeline’ as a means of identifying, prioritizing and supporting joint procurement opportunities.

Several other ASDT initiatives are in their formative stages, and I look forward to reporting about their progress over the rest of this fiscal year.



**Barry Coulson, ASDT
Sector Executive Lead**

Part of my mandate is to lead the development of a strategic plan for the ASDT Initiative. To kick off this process, the ASDT Steering Committee and Joint Procurement Committee held a joint visioning/governance session in late June, and we will be seeking further input at our Partnership Forum in late November.

As always, I welcome your comments and suggestions, so please keep them coming! Thank you all for your continued support and guidance.”

ASDT priorities set for 2015/16

The ASDT Steering Committee has approved the ASDT annual work plan for 2015/16 that supports the transition to a sector-led sustainable program while focusing on collaborative opportunities that produce tangible benefits for the sector.

Three key priority areas to guide this evolution are:

- effective governance,
- strategy development and planning, and
- collaboration opportunities.

Effective governance includes updating the ASDT governance model to reflect new sector leadership roles and the transition to a sector-led program, and updating the terms of reference and roles and responsibilities matrix (RACI) for the ASDT Steering Committee and Joint Procurement Committee (JPC).

In addition to the approval of the 2015/16 ASDT work plan, the strategy and planning priority includes the development of a three-year strategic plan for ASDT and JPOT, along with a sustainable funding model, an investment approval approach, and a communications plan.

In terms of collaboration opportunities, the scope of work spans the implementation of approved projects in Waves 1 and 2 plus the development of an opportunity intake (pipeline) process and priorities for future opportunities. Benefits reporting and the clear demonstration of the tangible benefits of collaboration opportunities are priorities, as well as the approval of the next steps for the Procure-to-Pay business case and an Enterprise Resource Planning (ERP) sector strategy paper.

JPOT engages procurement community through BC Exchanges

The newly established Joint Procurement Operations Team (JPOT) reached out to the post-secondary procurement community in May through a series of regional teleconferences to better understand procurement priorities throughout the sector and to find out from procurement staff where JPOT could bring value.

“We wanted to augment the larger Procurement Community of Practice sessions that happen a couple of times a year by giving all institutions a chance to provide input through small group discussions as a way to stimulate sector engagement and help set our priorities,” says JPOT Director Dennis Silva.

Key themes arising from the five regional conference calls included:

- Agreement on the definitions for the 13 master procurement categories that were presented by JPOT, with some input on prioritization of the categories.
- The role of JPOT should include providing direction and guidance on identifying and ranking priorities and strategies to assist the sector in procurement decision making.
- Concerns include off-contract spending, duplication of effort, institutional fatigue, accountability to the community, and change management and support.
- A need for ongoing collaboration, sharing of best practices, cross-functional teams, communications and staying connected.

“We were really pleased with the response,” says Dennis, noting that institutions also requested additional small group exchanges. “The feedback from the sessions will help to guide the focus and services provided by JPOT, as well as future meetings of the Joint Procurement Community of Practice.”

Independent consultant helps to propel natural gas benefits

One of the biggest and earliest successes in the ASDT Collaborative Initiative has been joint procurement of natural gas – in large part due to the advice and educational support of a private sector consultant, Ken Fuhr of Independent Energy (BC) Consultants.

According to Ken, when it comes to the complex realm of natural gas, you need to find ways to mitigate risk through diversification rather than trying to “outsmart the market.” Being part of a larger purchasing consortium reduces administrative and transactional costs and allows for purchasing a portion of the required gas across timelines.

“You need to take a portfolio approach, just as you would with a personal stock market portfolio,” says Ken. “You need to diversify and build enough volume to have some influence. And you need to execute gas transactions at the optimal times.”

With over 20 years’ experience in procuring and selling natural gas, the cornerstone of Ken’s independent consulting business is the separation of the advisor role from the supplier.

“A supplier/agent has a duty to maximize profits for the company they work for. To be both the provider of natural gas and the advisor on a procurement strategy puts the supplier in a conflict of interest.”

Ken notes that successful gas procurement goes beyond getting a price from suppliers and putting the file away; it is an ongoing process of monitoring the market, executing the procurement plan and tracking results.

“I take what I see in the marketplace and try to provide the best advice I can to my clients,” says Ken. “I am 100 percent compensated by my clients; that’s who I work for.” For the ASDT Initiative, those clients have been the 17 PSIs taking advantage of the large Transport volumes and the 10 PSIs (some overlapping with Transport) participating in the small to medium Customer Choice program that allows them to lock in pricing at lower rates than could have been obtained individually.

“The advantage of a single entity is that you can approach suppliers with a block volume and buy your own space to protect your capacity within the current infrastructure,” he says. “Make no mistake about it: when you bulk purchase with the volumes presented under this initiative, the public sector is securing a gas supply and ultimately reducing costs.”

Having a single sector entity has been beneficial for suppliers as well, so that they don’t have to knock on 25 or more different doors and manage multiple agreements.

“Purchasing as a single PSI makes it harder to be innovative, such as contracting directly with the transmission pipeline and directly from a gas producer to eliminate the costs associated with purchasing from a middleman,” notes Ken. “You also need to build in structures to protect your supply security and deal with market changes and fluctuations in price and supply. It takes a collaborative team approach with the PSIs, gas consultant, gas supplier, the ASDT Office and JPOT to lead to success.”

Success of the ASDT Natural Gas initiative is partly measured by the \$1.6 million in total savings to date for the sector. A small portion of these savings is being reinvested through a new cost-sharing model among participating institutions to fund the annual contract for the Natural Gas consultant, replacing the one-time contribution from the Ministry of Advanced Education in 2014/15.

Another benefit of retaining independent industry expertise, which was sourced through a competitive bid process led by UVic in 2014, are Ken’s insights and up-to-date knowledge of the natural gas industry, which he

shares with his clients through a weekly newsletter. He says his goal is to provide the right information at the right time to reduce the burden of each PSI attempting to stay abreast of events impacting natural gas by doing the work for them.

Scanning ahead, Ken predicts a five-year period of price volatility, particularly in the Lower Mainland and on Vancouver Island. This will be due to several factors such as the introduction of LNG and the natural gas transmission pipeline infrastructure, which is lagging supply because suppliers are reluctant to build infrastructure until they see commitments for larger projects.

“ASDT is on the leading edge of natural gas procurement in the public sector,” says Ken. “In working through a deal with one of the suppliers, they said, ‘We’re not happy about it, but we can see this makes sense for government.’ I’m convinced the Advanced Education Ministry’s natural gas purchase model is an approach that other ministries can benefit from.”



Ken Fuhr

ASDT Initiative Progress Summary – May/June 2015

INITIATIVE	PROGRESS HIGHLIGHTS
Travel Management	Evaluation Committee finalizing contract negotiations with top-ranked proponent. Delays due to complexity of contract negotiations and PSI participation. Targeting September for contract award.
Print Strategy	Targeting July to finalize POG print strategy.
In-House Booklet Printing	RFP posted via email to PSIs May 14; RFP submissions closed June 5. Evaluation process underway.
Vending Services	Master agreement signed with successful vendor; working with PSIs to sign participation agreements.
Office Supplies	Received data from all vendors, which will inform core list of supplies for an RFP. Delay in receiving data from vendors and additional time required to confirm pricing model with PSIs resulting in later target date to post RFP, now August.
Natural Gas	Working with new PSIs that will participate in ASDT Winter Gas Buy 2015/16.
Cylinder Gas	Working group TOR and project schedule being finalized. Data collection underway for PSI utilization rates & specs.
Managed Print Services	Business case has been approved by JPC. Working to finalize logistics and then start the project.
Trades Equipment	Working group established and held first meeting.
Courier Services	Recruitment of working group members underway. Confirming work plan and project schedule.
Commercial Card	LANG, CAM, UFV, NLC, SFU in progress.
Central Deposit Program	\$81M on deposit; \$156K in incremental interest; 16 PSIs made deposits; continuing to promote program to PSIs.
Reduced Merchant Fees on Credit Cards	One remaining clause to finalize on TD Merchant Fee PSI-specific agreement for sector. Onboarding complete for ECUAD & JIBC.
Banking Services	Provincial Treasury analyzing banking services proposals received to date from banks.
Procure-to-Pay (P2P) Business Case	Draft Business Case approved by ASDT Steering Committee to proceed to feasibility study.
BC Electronic Library Network	Implementation Working Group (IWG) met to discuss TOR and communications infrastructure. IWG reviewed and approved co-developed (with vendor) action plan. Preliminary list of requirements for institutional repository interfaces developed. Project name approved; moving forward with developing logo concepts and colors.
Administrative Services Consortium (ASC)	Interim report on business plan issued; final report expected late Fall 2015.

Vending Services Master Agreement Signed with Ryan Company Ltd.

A master agreement for Vending Services is the latest joint procurement contract to be signed under the ASDT Collaboration Initiative.

Ryan Company Limited has been awarded the sector-wide agreement to provide vending equipment, hot and cold beverages, snack food – traditional as well as healthy choices – and vending-related maintenance and services to all contracted BC post-secondary institutions.

The master agreement was signed on June 19, 2015, following an extensive selection process developed and led by the evaluation group consisting of Cameron Roy, UFV; Trish Bichon, CNC; Cori Andrichuk, COTR; Julie Gemin, TRU; and Trevor Maddern, VCC.

Cameron Roy, Director of Ancillary Services for UFV and Sector Lead for the Vending Services joint procurement opportunity, said for the first time in the ASDT Initiative a ‘Best and Final Offer’ step was included in the evaluation approach.

“The Best and Final Offer process allowed the Vending evaluation team to enter into concurrent negotiations with the top three highest scoring proponents, and to seek further information and improvements from each proponent,” said Cameron. “Following that we invited each qualified proponent to revise its initial proposal and submit its Best and Final Offer.”

The signing of the master agreement gives 11 institutions from across the province an opportunity to enter into separate participation agreements with Ryan Company Limited. The Vending master agreement will be in effect for the next seven years with an option to extend, with the same terms and conditions, for three subsequent two-year terms, and with an option for other post-secondary institutions to participate.

The agreement is expected to save the initial participating institutions up to \$4 million over the 13-year life of the contract (including renewal periods), with the potential for increased savings should additional institutions choose to participate in the program.



***UFV's Cameron Roy,
sector lead for Vending
Services***

This update is distributed to:

- PSI Presidents
- VPs of Finance and Administration
- Directors of Finance (FinWizards)
- Procurement Professionals
- ASDT Steering Committee
- ASDT Joint Procurement Committee
- BCAIU, RUCBC, and BCC Presidents
- ASDT Leads and Teams
- BCcampus
- Post Secondary Employers' Association
- BCNET
- Ministry of Advanced Education