



Case Study

PENNSYLVANIA'S STATE SYSTEM OF HIGHER EDUCATION

Procurement Value Creation Case Study:
Pennsylvania's State System of Higher
Education (PASSHE) Treya Partners
Strategic Sourcing Project

About PASSHE

At the time Treya's engagement kicked off, Pennsylvania's State System of Higher Education (PASSHE) was comprised of 14 universities that combined to enroll the largest number of Pennsylvania residents among all four-year colleges and universities in the Commonwealth. Collectively, the State System universities offer more than 2,300 degree and certificate programs in more than 530 academic areas for their 93,000 degree-seeking students with more than 800,000 alumni. The mission of the System is: to increase educational attainment in the Commonwealth; to prepare students at the undergraduate and graduate levels for professional and personal success in their lives; and to contribute to the economic, social, and cultural development of Pennsylvania's communities, the Commonwealth, and the nation.

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Working with Treya Partners on dining services helped us to change our paradigm and transition from bidding individual university dining requirements separately to more strategically aggregating spend across the System

- **Jenny Doherty** -

Director, Procurement Shared Services
Pennsylvania State System of Higher Education

Project Results

\$8.6M / 16%

in annual cost savings

\$69M

in contract length savings across 4
spend categories

Overview

In the fall of 2019, Treya Partners was engaged by PASSHE's Administrative and Finance leadership to (a) conduct a comprehensive Accounts Payable spend analysis to identify spend categories with the greatest opportunity for procurement cost reduction & optimization, and (b) create cost savings in 4 of the highest opportunity spend categories through strategic sourcing efforts. Treya's strategic sourcing efforts addressed \$54.8M in historical baseline spend and created **\$8.6M** or **16%** in annual cost savings and **\$69M** in contract length saving across 4 spend areas: Dining Services, IT Hardware, MRO, and Office Supplies.

Subsequently, Treya was also tasked with



Developing a centralized Procurement Handbook that documented strategic sourcing processes, approaches, and guidelines



Delivering training sessions to State System procurement staff covering concepts from the aforementioned Procurement Handbook and best-in-class strategic sourcing techniques.

The training was holistic and comprehensive, ranging from procurement-specific Excel skills to how to handle incumbent supplier negotiations.

Spotlight:

Dining Services

In the Dining Services category, five different vendors originally serviced 14 universities. Historically, each PASSHE university conducted its own individual sourcing events and systemwide spend was not leveraged, despite the fact the same dining vendors were serving multiple universities within the State System. An opportunity existed to leverage purchasing power and utilize shared services across PASSHE universities. After a comprehensive assessment, 2 regional Dining RFPs were conducted, one for 4 Western PASSHE universities and another for 5 Eastern universities, addressing a total of \$40.6M in historical annual spend. These two RFPs alone created **\$6.7M** or **17%** in annual savings for the State System.

The Challenge

- Universities historically conducted individual procurements for Dining Services without leveraging systemwide spend
- PASSHE institutions faced increasing dining costs due to declining enrollments
- Enrollment changes necessitated regular price negotiations with suppliers
- Several Dining contracts were expired or nearing expiration

The Process & Solution

- Data gathering and stakeholder interviews to determine university-specific requirements
- 2 Regional Dining RFPs developed, with multi-university and university-specific needs broken out
- Tiered pricing requested by enrollment level
- Vendor outreach pursued to maximize RFP participation and competition
- Single supplier selected per RFP following Best and Final Offer process

Dining Services RFP Results

- **\$6.7M** or **17%** in annual cost savings, and **\$61.2M** in contract length savings, were created as a result of the Western and Eastern Region Dining RFPs
- A single Dining Services provider was awarded each RFP, allowing for an integrated shared services program and enabling streamlined contract management
- Enhanced Dining programs were put in place, including new dining concepts, systems, and tools



Dining Services

The Challenge

PASSHE and Treya Partners collectively evaluated the State System's Dining Services landscape to determine how best to leverage multi-university purchasing power to create cost savings while ensuring operational needs were met. The primary challenge was understanding which universities could join forces in a collaborative procurement in a timely manner. The second challenge was determining which Dining-related services could be shared while still allowing universities to retain individual requirements. Ensuring business requirements were met for each university while getting the best value was an overarching goal throughout the project.

Dining Services:

The Process

The strategic sourcing process included contract review, requirements gathering, supplier and peer institution informational interviews, and RFP development and facilitation. The RFP requested tiered pricing tied to enrollment levels and also obtained pricing with and without investment dollars, to create visibility into the premium built into pricing with investment dollars.

About Treya Partners

Leading provider of Procurement Improvement services across the public and private sectors since 2006. Clients served include 15 state governments, multiple institutions of higher education, and over 50 private equity funds.

treypartners.com

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Dining Services:

The Results

After competitive RFP processes that included supplier presentations, holistic proposal evaluations by the PASSHE Evaluation Team, and strategic supplier negotiations, PASSHE ultimately selected Aramark as the primary Dining Services provider for both the Western and Eastern region universities. PASSHE universities were able to achieve cost savings on Dining Services through leveraging shared services in the areas of management, marketing, culinarians, billing & accounting, and purchasing.

Total savings for both regions were projected at \$6.7M or 17% annually, and \$61.2M over the contract length.

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Working with Treya Partners on dining services helped us to change our paradigm and transition from bidding individual university dining requirements separately to more strategically aggregating spend across the System. This enabled us to leverage our spend while also maintaining the individual university requirements within the RFP. This was something we believed would create cost savings and efficiencies, but having a consulting company to conduct the data analysis, recommend sourcing best practices, and create a complex cost template helped us to make this a reality.”

- Jenny Doherty -

Director, Procurement Shared Services
Pennsylvania State System of Higher
Education