

# Financial Management Meeting

August 13, 2013



**WISCONSIN**  
UNIVERSITY OF WISCONSIN-MADISON

# Agenda

9:30 am Welcome and Introductions

9:45 am Accounting Updates

- SFS Upgrade
- Travel Flexibilities
- Guided Expense Tool (GET)
- Foundation Overview

Susie Maloney	10 minutes
Kerry Morgan	
Rusty Haines	15 minutes
Stefanie Merucci	20 minutes
Geoffrey McCloskey	20 minutes
Steve Hudson	

10:50 am Purchasing Updates

- Computer Bundles
- Other Strategic Purchasing Updates
- Shop@UW (New Vendors)

Lori Voss	15 minutes
Mike Hardiman	15 minutes
Mike Matschull	10 minutes

# Welcome and Introductions

# SFS Upgrade

# Travel Flexibilities

## UW-MADISON TRAVEL INFORMATION

### Why use the Concur on-line self-booking tool and Fox World Travel (FWT)?

#### Benefits

##### **Concur On-Line Booking:**

- Real time access to all available flights and fares through a single on-line resource for booking airfare, lodging and rental car in the same reservation.
- Retention of unused ticket information to use for future travel.
- Exclusive access to negotiated airline discounts with UW preferred carriers, negotiated hotel discounts, and discount rental car rates. These discounts are not available through other agencies, internet sites, or airline web sites.

##### **Fox World Travel Full-Service Features:**

- Full-service agents can be contacted at 1-866-230-8787 to book complex (multi-destination) and small group (less than 10) travel. Fox World Travel has a dedicated team of agents assigned to the UW account to meet the specific needs of our travelers.
- Fox World Premier can be contacted for booking large group travel including negotiated airfare and complete meeting planning services.

##### **24/7 Support Services:**

- Flights are changed, cancelled, or otherwise delayed; Fox provides 24/7 support.
- Proactive contact with travelers when weather/risk related events occur to make alternative travel arrangements or assist with required ground services such as hotels and transportation.
- Tickets can be voided within 24 hours of purchase with no airline penalties.

##### **Strategic Sourcing Opportunity to Increase Meal and Lodging Reimbursements:**

- As the travel volume booked through Concur/Fox World Travel grows, further vendor discounts will be available.
- This strategic sourcing will provide financial resources to be used to help offset the cost of increasing travel meal and lodging reimbursement rates.

#### Background

- The University of Wisconsin was extended the flexibility to establish its own travel program per state statute effective July 1, 2013.
- UW-Madison spends approximately \$25 million on travel annually, with approximately 50% of that amount on airfare.
- Travel characteristics at UW Madison:
  - Over 50% for conferences
  - 70% are 1-4 day trips
  - 45% of travel is in-state and 40% is domestic out of state
  - 70% of flights are with Delta and United
  - Most popular lodging is Hilton, Marriott and Hyatt
- Strategic sourcing non-complex travel at public universities is increasingly common, including recent adoption by the California system.
- For non-complex travel (non-stop domestic and international metropolitan cities) use Concur or Fox World Travel for booking. If an alternative is used, expenses will not be reimbursed prior to completion of travel.

#### Testimonials

- *"I got an email today from Fox World Travel that the flights I had booked through Concur had changed" and was informed "follow up with questions within 24 hours or could incur airline fees to make changes. I had questions, so I called. It's the Saturday night before Christmas, and all the airlines are still trying to get people rebooked with weather delays, but I got a pleasant, patient person who quickly figured out what had happened. It was just like the good old days. I am officially a fan!"*
- *"I took seriously ill in SFO while enroute to Asia & Australia. Following hospitalization, I contacted Fox World's Travel for assistance in obtaining any possible refunds. FWT personnel were able to work with the airlines to refund and credit most the costs of my trips from multiple airlines (approx. \$3000). I would have not been able to recover these costs on my own, so am forever grateful to FWT."*
- *"We find the Concur website efficient and easy to use when booking out-of-state travel. It is an effective administrative tool!"*



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# **Administrative Process Redesign (APR)**

**Traveler Reimbursement Team  
Guided Expense Tool (GET) Pilot**



## Overview – What is the Guided Expense Tool (GET)?

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The Guided Expense Tool is a user-friendly alternative to e-Reimbursement available to Travelers and Alternatives for claiming expenses.

Upon submission, expense reports entered using GET will feed into e-Reimbursement (SFS) and continue through the existing approval process in e-Reimbursement.

The decision to develop GET was based on feedback obtained from campus users through personal interviews conducted by members of the APR Traveler Reimbursement Team.

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## Overview - Purpose of the Guided Expense Tool Pilot

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### Two Primary Goals:

Continue to collect user feedback to guide the technical improvements the team will complete prior to the campus-wide implementation planned for fall 2013.

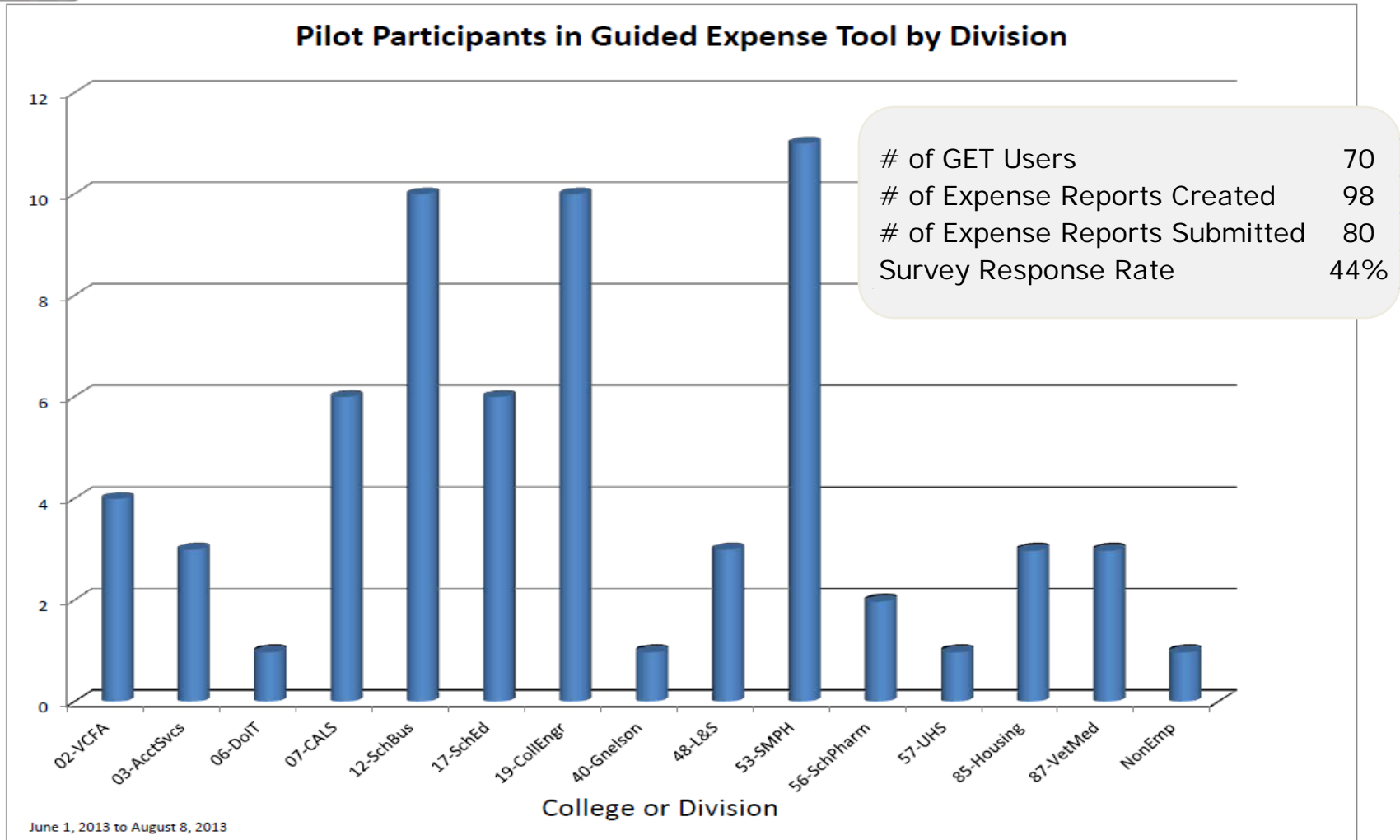
Several campus units had expressed their interest in utilizing the tool as soon as possible, and participation in the pilot allows them to do so.

If your division or unit is interested in participating contact the Pilot Team via [getfeedback@lists.wisc.edu](mailto:getfeedback@lists.wisc.edu)





# Initial Pilot Data – GET Usage Counts



If your division or unit is interested in participating contact the Pilot Team via [getfeedback@lists.wisc.edu](mailto:getfeedback@lists.wisc.edu)



## Initial Pilot Data – Survey Responses

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### Initial Highlights:

- 28 users completed the online GET user experience survey
- On average, users report that creating an expense report takes approximately 13 minutes to complete
- 89% recommend using GET to a colleague once available for general release
- Users provided valuable suggestions for improvement, many of which have been built into the tool

If your division or unit is interested in participating contact the Pilot Team via [getfeedback@lists.wisc.edu](mailto:getfeedback@lists.wisc.edu)



## Brief Demo of the Guided Expense Tool

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Today's Brief Demo Highlight the Following:

- General look and feel of the user interface screens
  - The wizard feature makes “smart” assumptions based on information the user enters
  - Expense line item views
  - Expense report summary view
-



# ADMINISTRATIVE PROCESS REDESIGN

WORKING TOGETHER FOR SERVICE EXCELLENCE

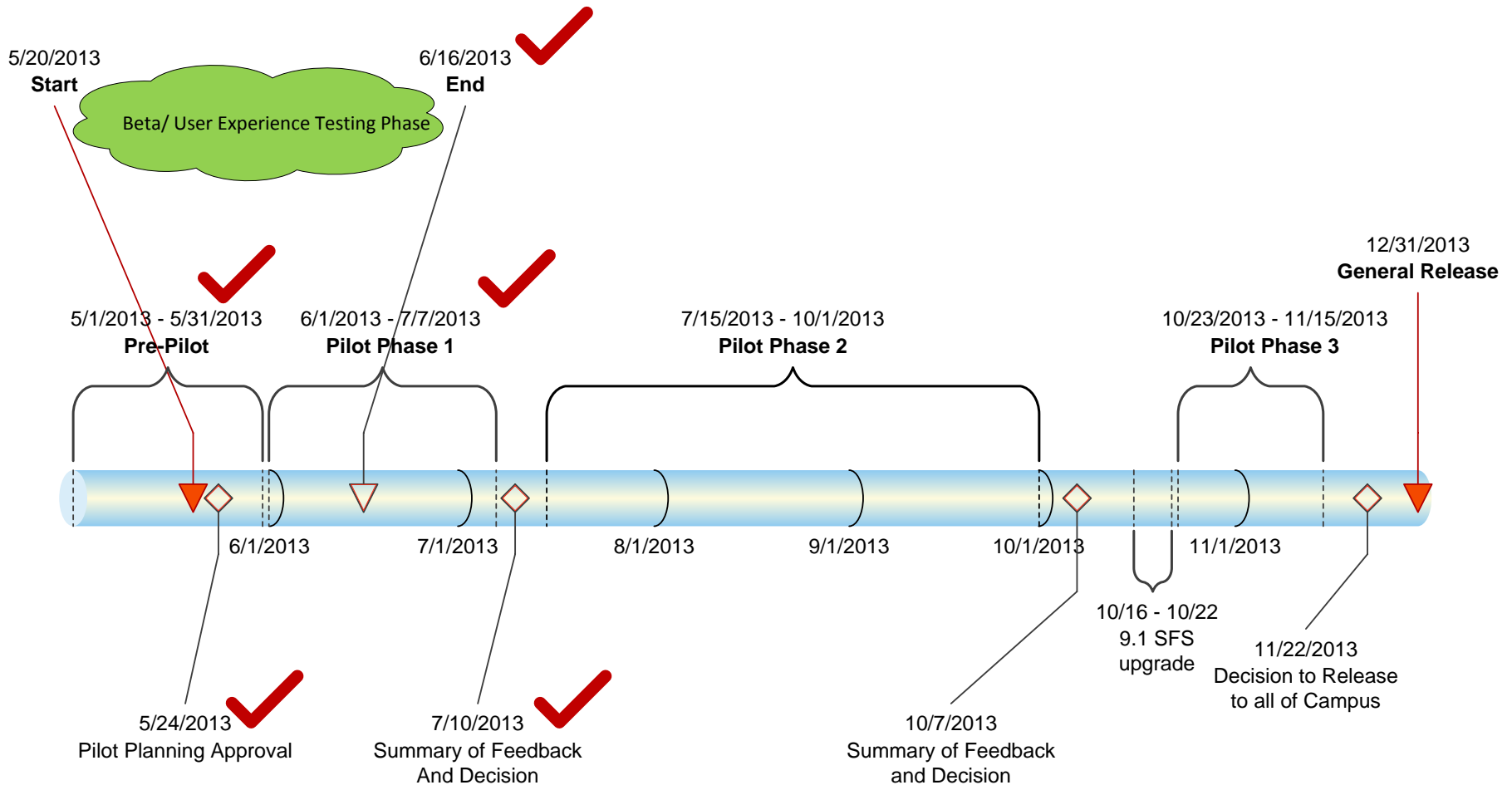
The GET Pilot Team welcomes your comments and  
feedback

[getfeedback@lists.wisc.edu](mailto:getfeedback@lists.wisc.edu)

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# Appendix- GET Pilot Milestones & Timeline



If your division or unit is interested in participating contact the Pilot Team via [getfeedback@lists.wisc.edu](mailto:getfeedback@lists.wisc.edu)

# University of Wisconsin Foundation

## Financial Managers Meeting

August 13, 2013

*Steve Hudson, CFO*  
*Geoff McCloskey, Controller*

- The University of Wisconsin Foundation is the official fundraising and gift-receiving organization for the [University of Wisconsin-Madison](#) and other donor-designated units of the UW System.
- Thanks to the generosity of alumni and friends, total gifts held by the Foundation now stand at approximately \$2.4 billion.

- The Foundation is an independent, not-for-profit, tax-exempt organization, which raises funds and receives gifts for the UW-Madison.
- An elected [board of directors](#) oversees its assets and activities.
- The Foundation works closely with the University to determine and support fundraising priorities.



The UWF raises, invests and distributes funds for the benefit of the University of Wisconsin-Madison:

- Everywhere you look on campus, there are examples of private support in action. Student scholarships, faculty support, buildings and countless other examples.
- Our development staff work closely with almost all areas of campus to identify, engage and align interested parties with areas of need.
- Our efforts continue long after most gifts are received; ongoing stewardship of gifts is an important aspect of our function.

# Statement on Stewardship

- Central to the mission of the University of Wisconsin Foundation is a commitment to long-term relationships with our donors and the understanding that exceptional stewardship is essential to our success.
- Building on this distinctive legacy, our organization values stewardship practices that are rooted in authentic relationships, where donors know the impact of their gifts and recognize their essential role in the life and destiny of the University of Wisconsin.

UWF stewardship practices are focused on three core objectives:

- Donors will receive prompt and meaningful acknowledgment whenever they give.
- Donors will get meaningful and measurable results on their last gift at work before being asked for another one.
- Donors will receive the highest level of financial accountability for their gifts/funds.

## Members (450)

## Board of Directors (53)

- Committees
  - Audit
  - Budget & Personnel
  - Development
  - Governance
  - Investment

- **Mike Knetter, President & CEO;**  
Since October 2010  
Previously Dean of Wisconsin School of Business and Vice Chancellor of Advancement
- **Currently ~170 employees; 120 in Development & development support, 10 in management of investments, 40 in administration.**

# Key Financial Information

## Assets of \$2,754,101,533

- Cash, investments and income receivable of \$2,666,343,788
- Donor pledges receivable of \$62,936,438
- Other \$24,821,307

## Liabilities of \$365,138,172

- Due other organizations \$289,446,585
- Liability under split income arrangements \$41,388,885
- Other \$34,302,702

# Key Financial Information

## Net Assets \$2,388,963,361

- Restricted \$2,232,307,698 (93.5%)
- Unrestricted & Foundation General Fund \$156,655,663 (6.5%)

<u>Restricted Assets – By Use</u>	<u>As of 12/31/12</u>
Endowed chairs / professorships	\$ 287,731,952
Research and programs	\$ 738,161,955
Undergraduate student financial support	\$ 265,454,160
Graduate student financial support	\$ 213,055,277
Faculty support	\$ 37,934,234
Building and grounds	\$ 65,630,465
Public service	\$ 22,459,473
Research equipment	\$ 862,936
Discretionary	\$ 266,883,543
Other	\$ 334,133,702
<b>TOTAL:</b>	<b>\$ 2,232,307,698</b>

Endowment (Long Term)

\$1,870,572,245

Expendable (Short Term)

\$698,328,730

Split Income (Annuity Contracts)

\$77,774,453



# Recent Endowment Returns

## Average Annual Returns as of 12/31/12:

<b>1 year</b>	<b>11.9%</b>
<b>3 years</b>	<b>7.7%</b>
<b>5 years</b>	<b>1.2%</b>
<b>10 years</b>	<b>7.8%</b>

## UWF Operational Funding:

### Defined business model;

- Recapture Fee on Endowment Funds
  - 25 bps/qtr (1% annually) assessed to Endowment MV
- Net earnings on Short Term (Expendable) Funds
  - Nets ~50 bps (0.50% annually)
- Expense sharing with campus – development staff
  - Nets to ~50% subsidy for agreed upon positions

# Rankings for Public Endowments

The University of Wisconsin Foundation is ranked among the best in the country;

Endowment Size\*: 12<sup>th</sup> Overall  
5<sup>th</sup> Among Big Ten

Fundraising\*\*:  
15<sup>th</sup> Overall [public and private]  
6<sup>th</sup> Overall [public]  
2<sup>nd</sup> Among Big Ten

\* *Based on 2011 NACUBO NCSE Study; Public Universities*

\*\* *Based on Council for Aid to Education Survey; 2011*



# Success Measures

	Contributions	Administrative Expenses*	%
2012	211,288,562	25,542,171	12.1%
2011	197,541,841	24,329,445	12.3%
2010	165,667,842	21,036,415	12.7%
2009	156,118,593	20,882,697	13.4%
2008	160,979,453	25,339,190	15.7%
	* excludes investment expenses		

	University Support
2012	214,000,111
2011	211,663,494
2010	206,223,864
2009	250,985,144
2008	203,344,512

UWF maintains two basic types of funds for the University

## Expendable (Short-Term or “12”) Funds

- Gifts received, normally spent within one year of receipt
- No distinction between income and principal (all available to be spent)
- Interest credited on balances  $\geq$  \$20,000 (30-day LIBOR rate)
  - Credited quarterly, based on monthly balances (simple interest)

## Endowment (Long-Term or “32”) Funds

- Gifts received (\$10,000 min) with the intention to grow principal over a long period of time, AND to spin off measured, spendable income
- Investments are pooled in a unitized portfolio (similar to a mutual fund), with principal gains/losses tracked over time, by fund
- Income distributed quarterly, based on a prescribed formula
  - Using a 4.5% annual rate, and the average balance of the prior 16 quarters

# 'Closing' and Reporting..

Each quarter, our accounting team executes an 'Endowment Close\*'

- ❑ Expendable Fund interest income is calculated, and posted to each fund
- ❑ Endowment Fund spendable income is calculated, and posted to each fund
- ❑ Endowment Fund market values are also updated, by fund
- ❑ Fund Transfers are executed
- ❑ *Messages are sent via Campus Access, alerting the campus community of updates..*

*\*Our goal is to execute our close routines within 30-45 days after the end of each respective (calendar) quarter. Year-end (Q4) will vary, due to audit valuation requirements.*

Endowment Reports are prepared, annually, for fund donors. Fund highlights are captured, including a summary of spendable income paid out and updates to each fund's value.

# Thank You

**Steve Hudson**

**Chief Financial Officer**

***steve.hudson@supportuw.org***

***(608) 263-4785***

**Geoff McCloskey**

**Controller**

***geoff.mccloskey@supportuw.org***

***(608) 890-2603***



# **Administrative Excellence (AE)**

## **Strategic Sourcing Dell Computer Bundles**

# Computer Bundles Standards Committee

Name	Division/Department
James Babb	Computer Science
Cory Chancellor/Kevin Cherek	AIMS
Eric Giefer	Law School
John Hagemann	College of Engineering
Sandon Jurowski	SMPH/Pediatrics
Brian Kishter	DoIT
Dan Koetke	Administrative Excellence
Susanne Matschull	Purchasing Services
Mike Warren	Recreational Sports
Lori Voss	Purchasing Services

# Computer Bundle Program Change - March 2013

Previous
2 eCommerce Vendors Supported, Multiple Unsupported Sales Channels
Unlimited Product and Feature Choice
Few Departmental Bundles
No Policies
Some Departmental Price Negotiation
“My Computer”
Computer Choice as Reward in Lieu of Direct Compensation



Current
1 Primary Vendor for Bundles, 1 Secondary Vendor
Limited Choice
Institutional Bundles (3 Laptops, 1 Desktop)
Expectation that Preferred Products are adequate for most users
Institutional Negotiation
“UW Computer”
Computer Serves Business Function

# Computer Bundles - Implementation Considerations

## Simple

- Establish institutional mindset that if a computer is needed, a bundle should be adequate
- Promote unified storefront and ordering procedures

## Measured

- Create consistent campus-wide oversight metrics
- Distribute enforcement responsibility across organization

## Managed

- Establish Computer Bundle Standards Committee to meet often to review bundles and look toward future opportunities
- Ensure bundles are actively reviewed and refreshed

**Communication Plan**

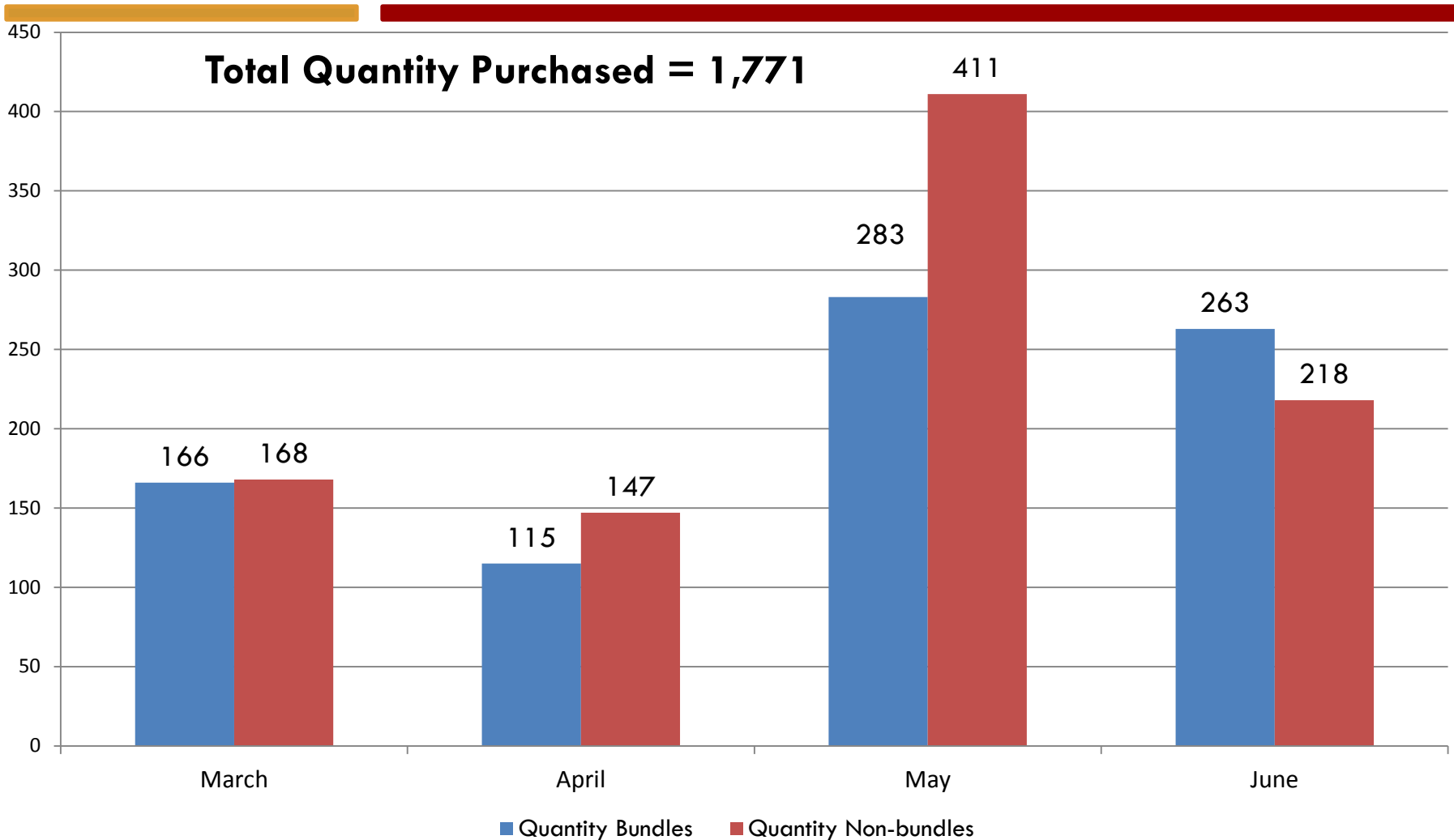
# Current Dell PC Computer Bundles\*

Device type	Model	Pre-negotiation Price	Negotiated Bundle Price	Cost savings
14" laptop	Latitude E5430	\$ 918	\$ 749	\$ 169
15" laptop	Latitude E5530	\$ 918	\$ 749	\$ 169
12" laptop	Latitude E6230	\$ 1,189	\$ 889	\$ 300
Desktop standard	OptiPlex 7010 DT	\$ 672	\$ 549	\$ 123
Desktop Minitower	OptiPlex 7010 MT	\$ 672	\$ 549	\$ 123
Desktop Small Form	OptiPlex 7010 SFF	\$ 672	\$ 549	\$ 123

\*Note that the team is currently in the process of updating bundle configurations to include additional options, based on campus feedback

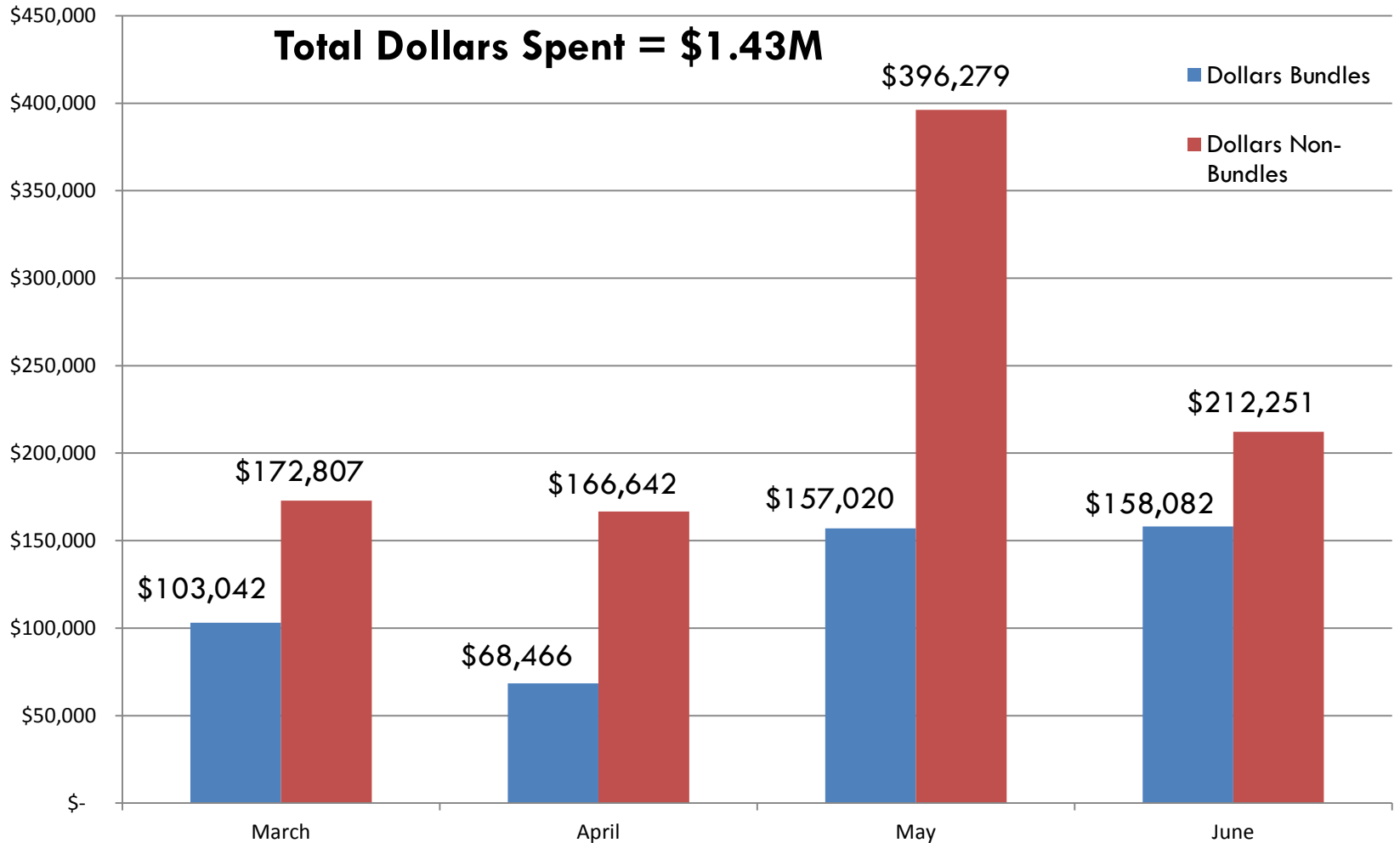
# UW-Madison

## Bundles vs. Non-Bundles Purchases (Units)

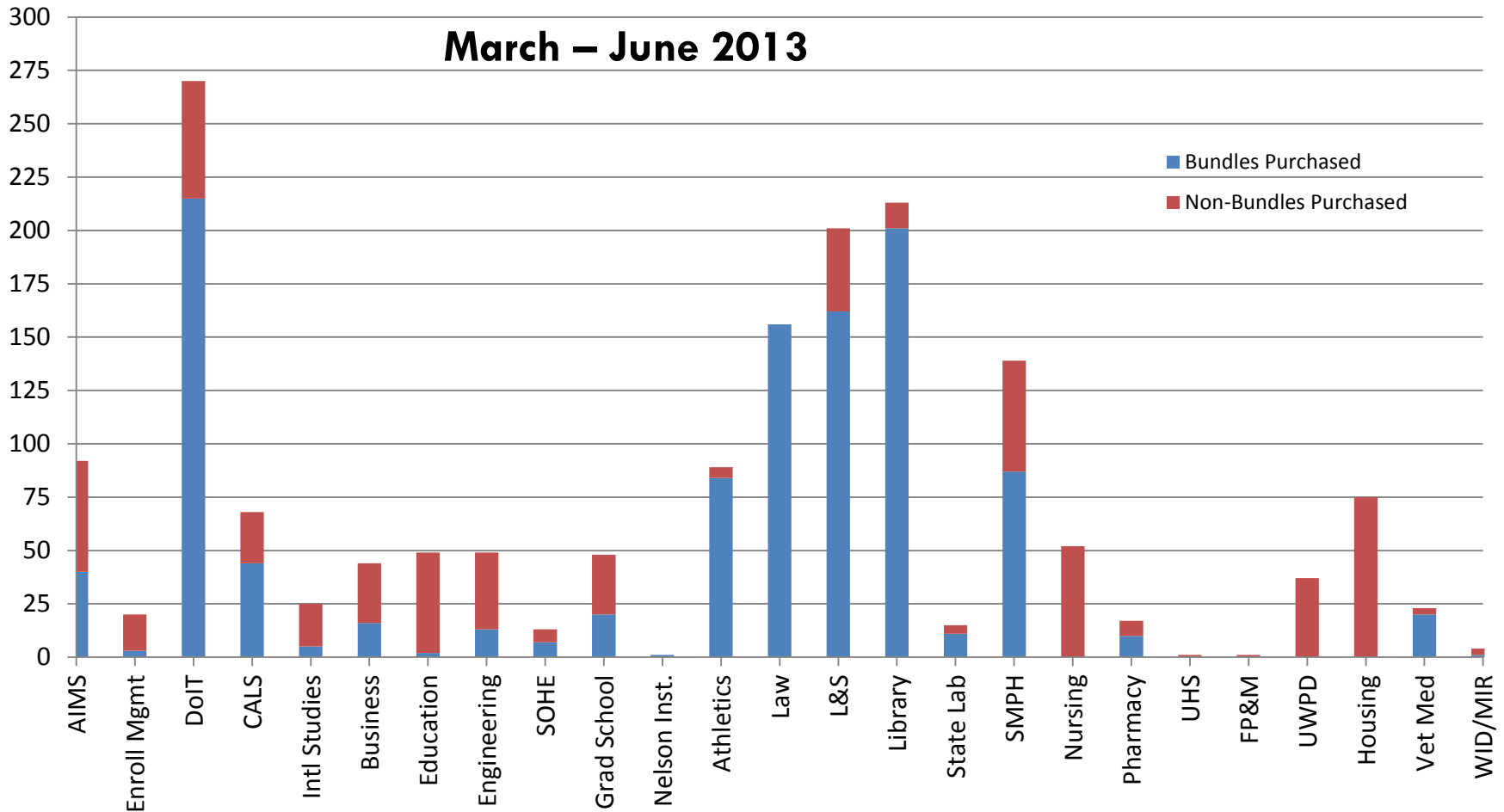


# UW-Madison

## Bundles vs. Non-Bundles Purchases (Dollars)



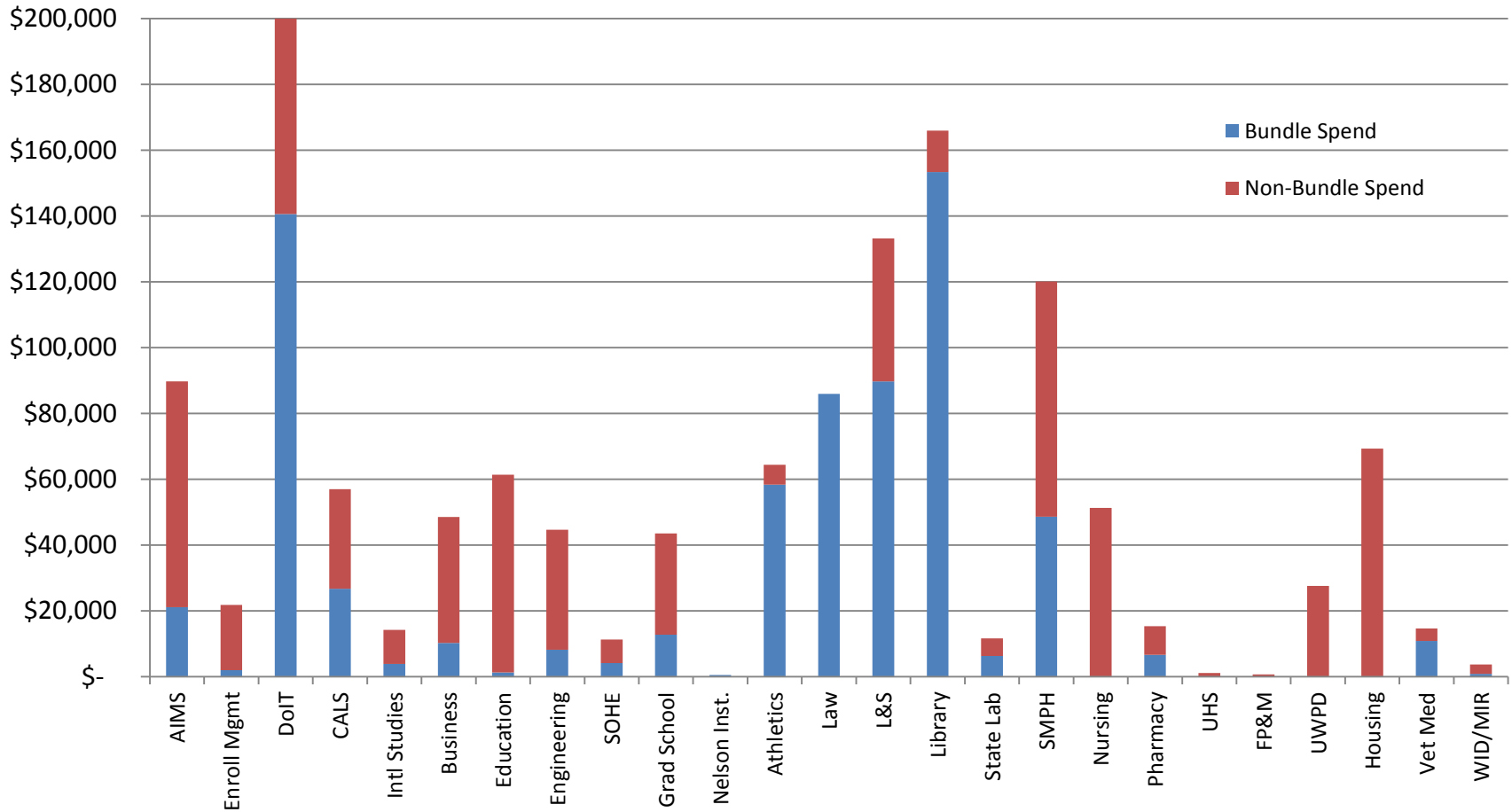
# Bundles vs. Non-Bundles Purchases by Division (Units)





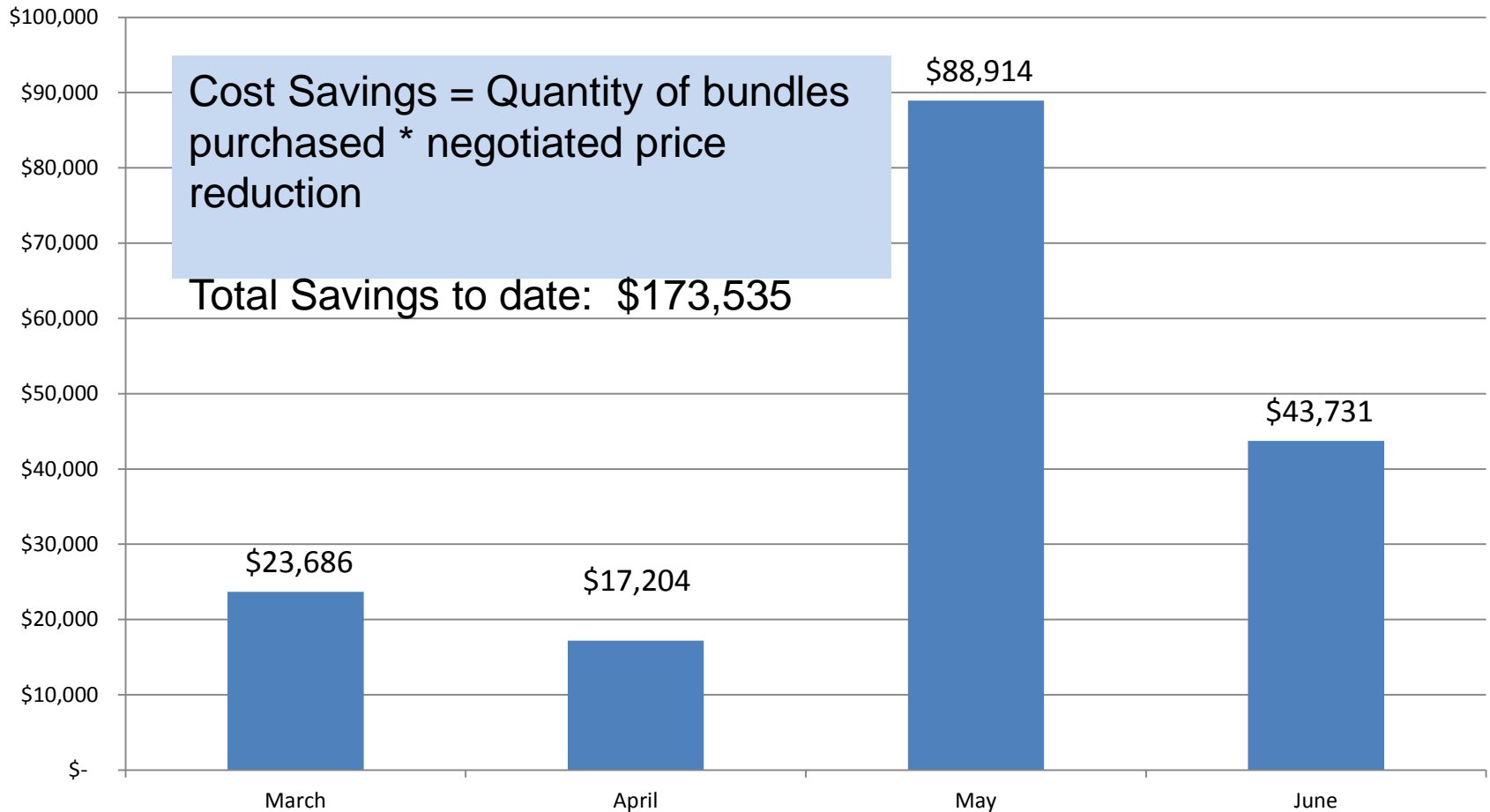
# Bundles vs. Non-Bundles Purchases by Division (Dollars)

March – June 2013



# Computer Bundles

## Campus-wide Cost Savings



# Planned Goals vs. Actual Results

	Adoption Rate	YTD Cost Savings	Annualized Savings
<b>Actual Program to date<sup>1</sup></b>	47%	\$ 173,535	\$ 520,605
<b>Total Projected Savings over 5 years</b>			\$ 2,603,025

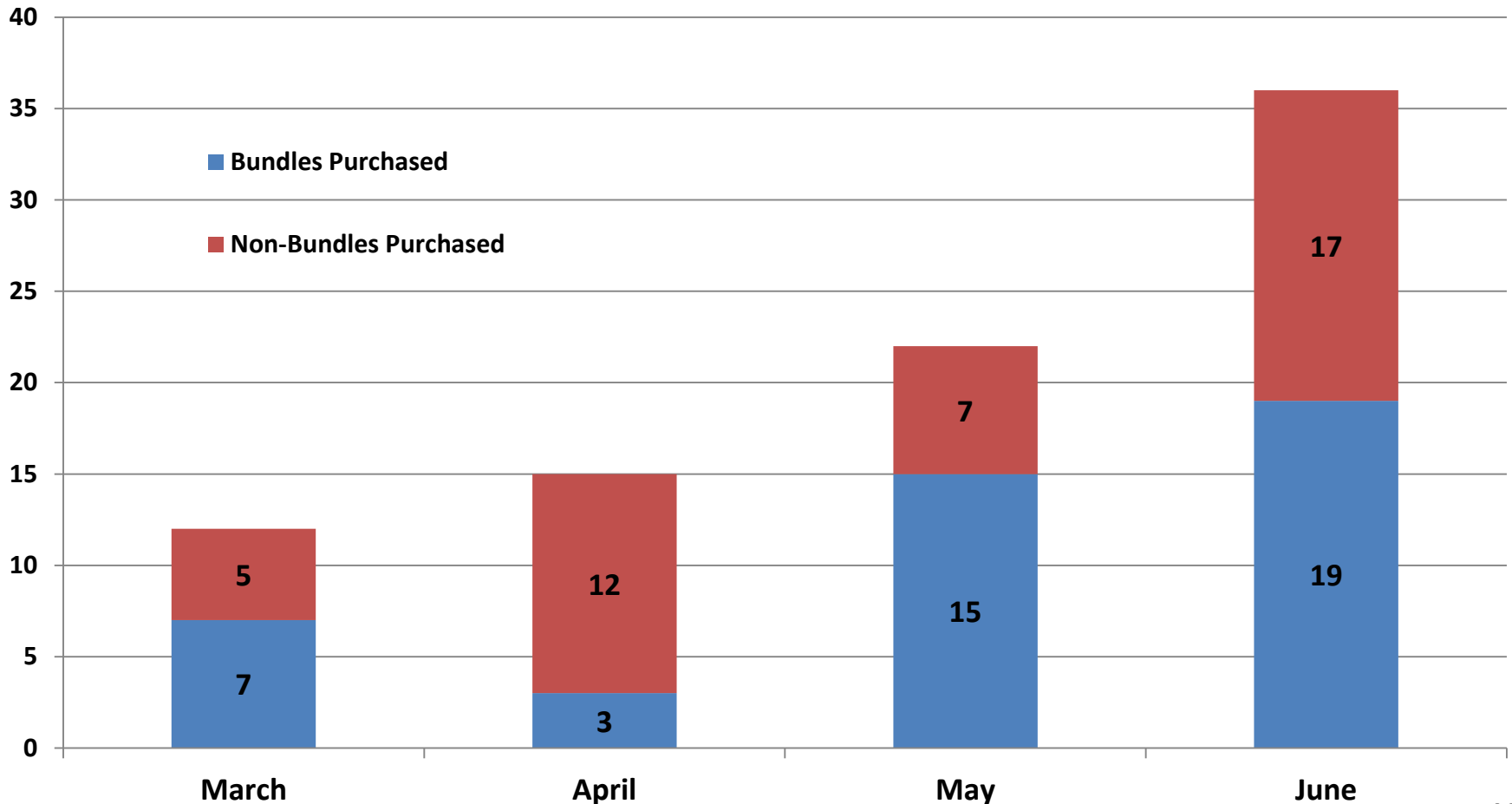
<sup>1</sup> Adoption rate of computer bundles, measured as a percentage of the total quantity of Dell PC purchases through Shop@UW

Planned Goal <sup>2</sup>	Adoption Rate	Annualized Savings
<b>Year One</b>	80%	\$ 742,074
<b>Year Two</b>	80%	\$ 849,098
<b>Year Three</b>	80%	\$ 874,954
<b>Year Four</b>	80%	\$ 901,587
<b>Year Five</b>	80%	\$ 929,019
<b>Total Projected Savings over 5 years</b>		\$ 4,296,731

<sup>2</sup> Adoption rate of computer bundles, measured as a percentage of all PC computers purchased including Macs

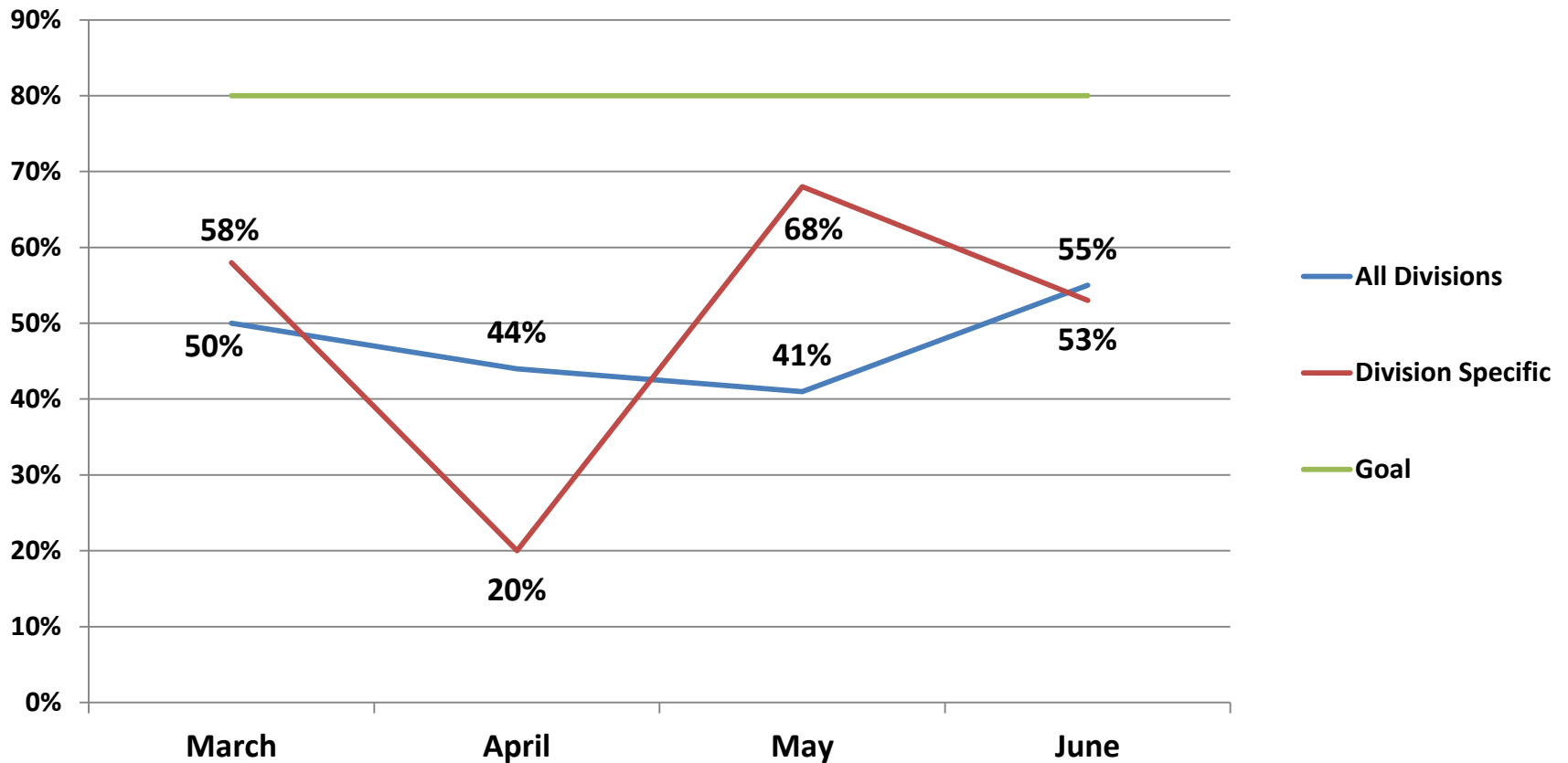
# Division-Specific Metrics Example

Number of Computers Purchased – Division Name



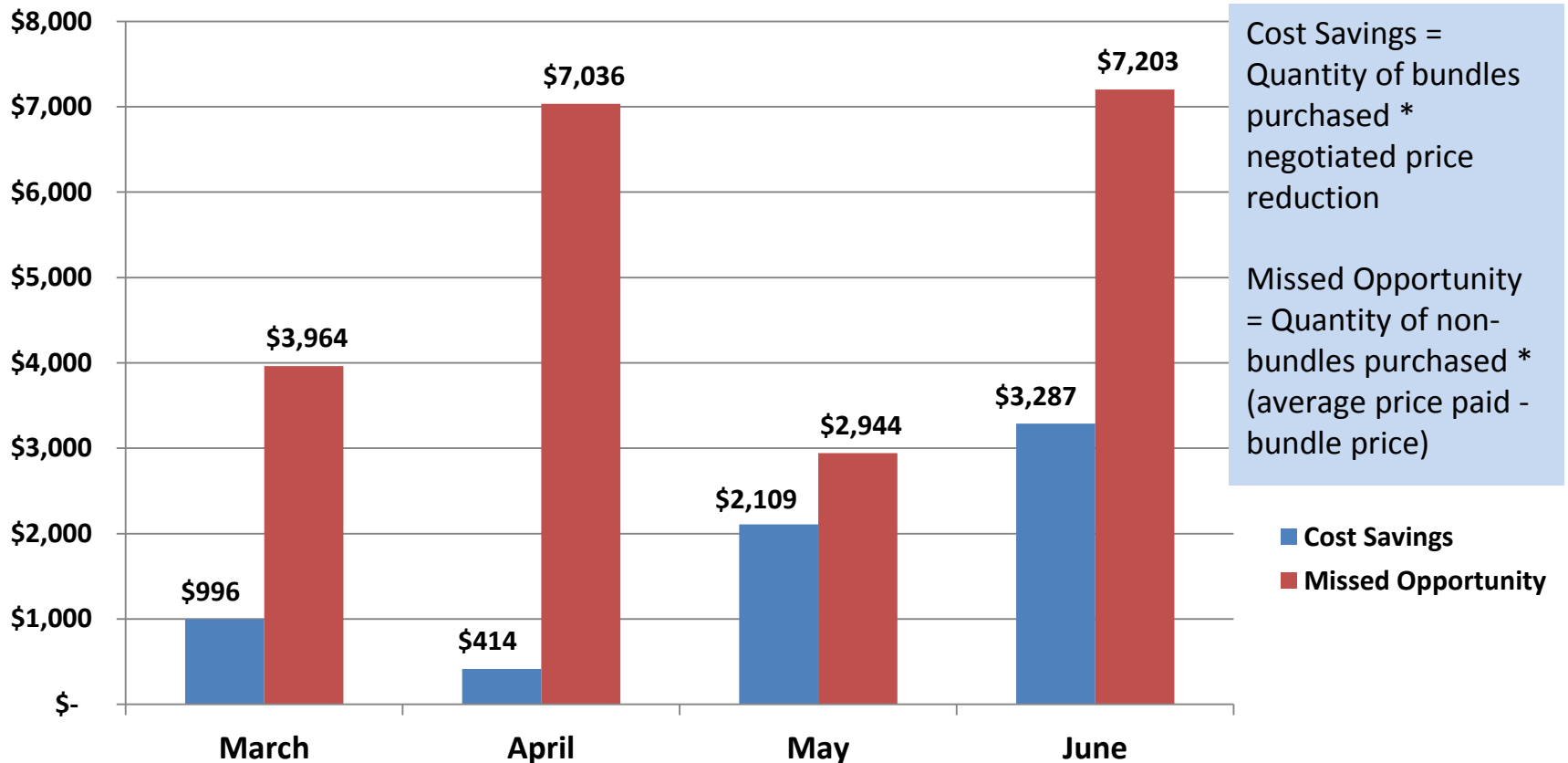
# Division-Specific Metrics Example

Adoption Rate – Division Name



# Division-Specific Metrics Example

## Actual Savings vs. Missed Opportunity



# Strategic Sourcing Dell Computer Bundles

To provide feedback regarding the computer bundles program, please email:

[Bundles-tag@lists.wisc.edu](mailto:Bundles-tag@lists.wisc.edu)



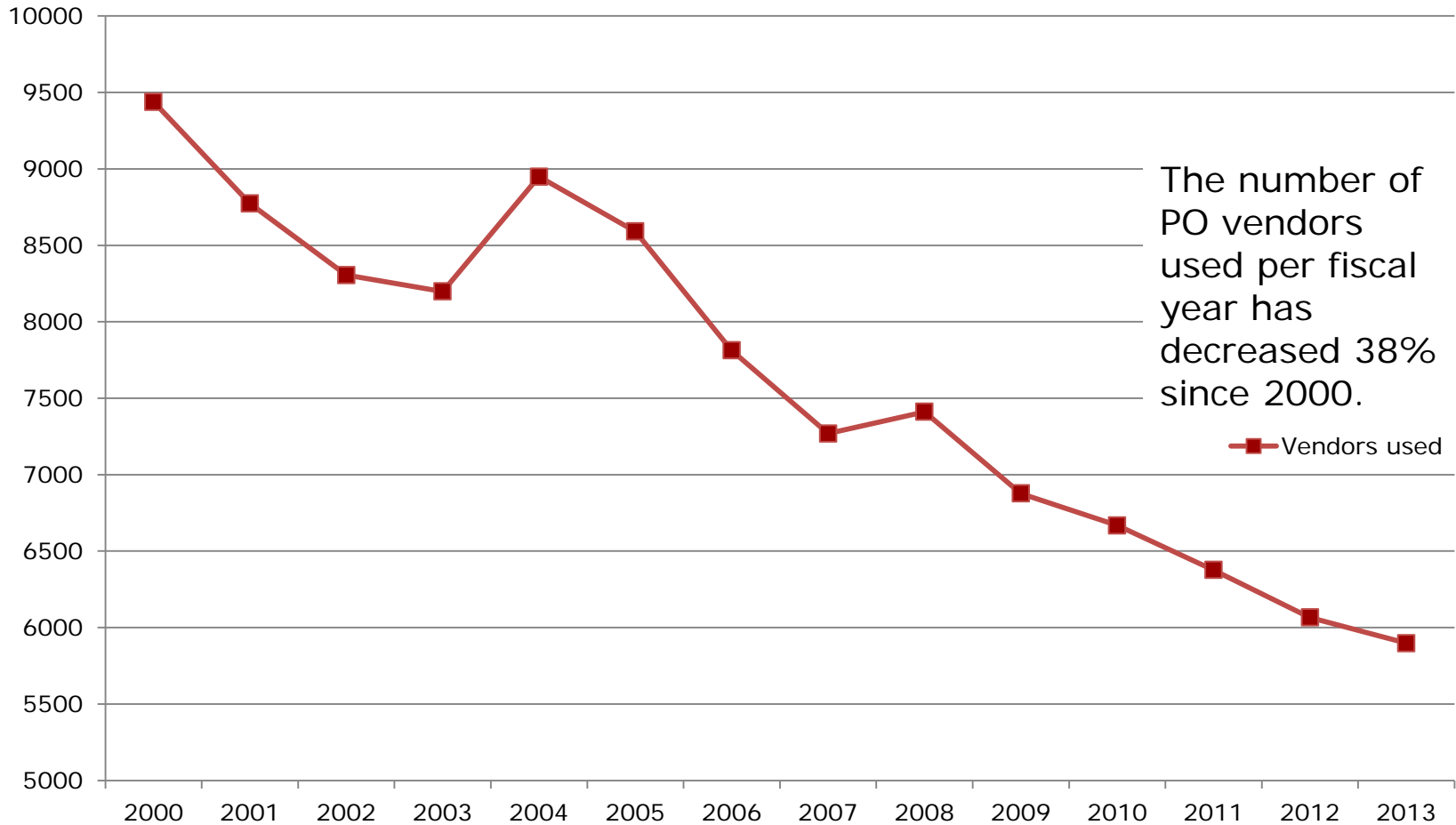
THE UNIVERSITY  
*of*  
**WISCONSIN**  
MADISON

# Purchasing Services



# Vendor Consolidation

## Number of PO Vendors Used



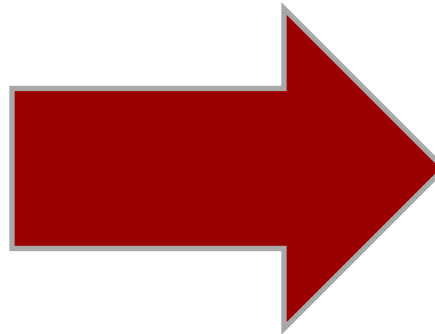
# Vendor Consolidation Example

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Food Category:

**2008**

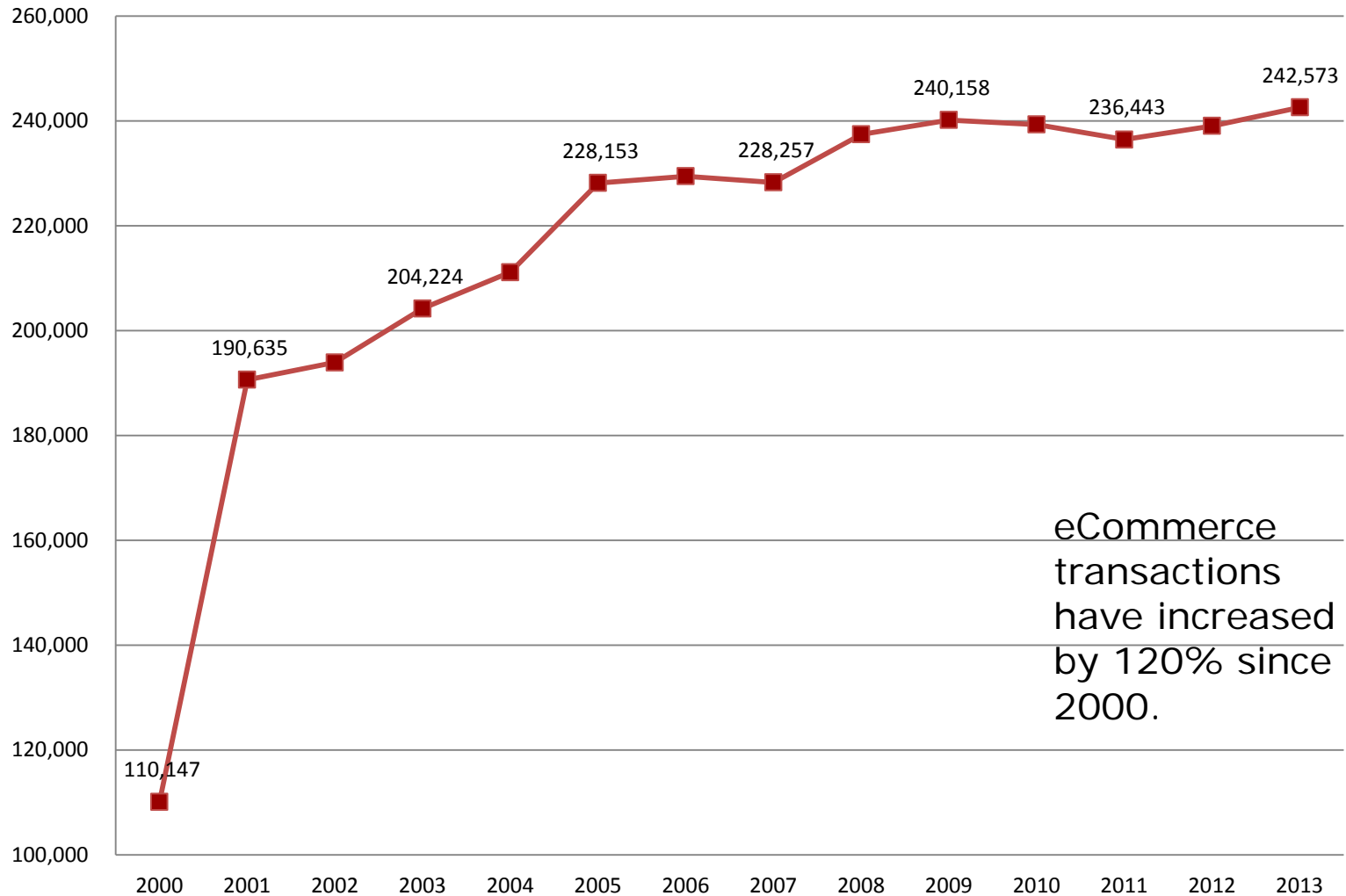
29 Active  
Contract  
Categories



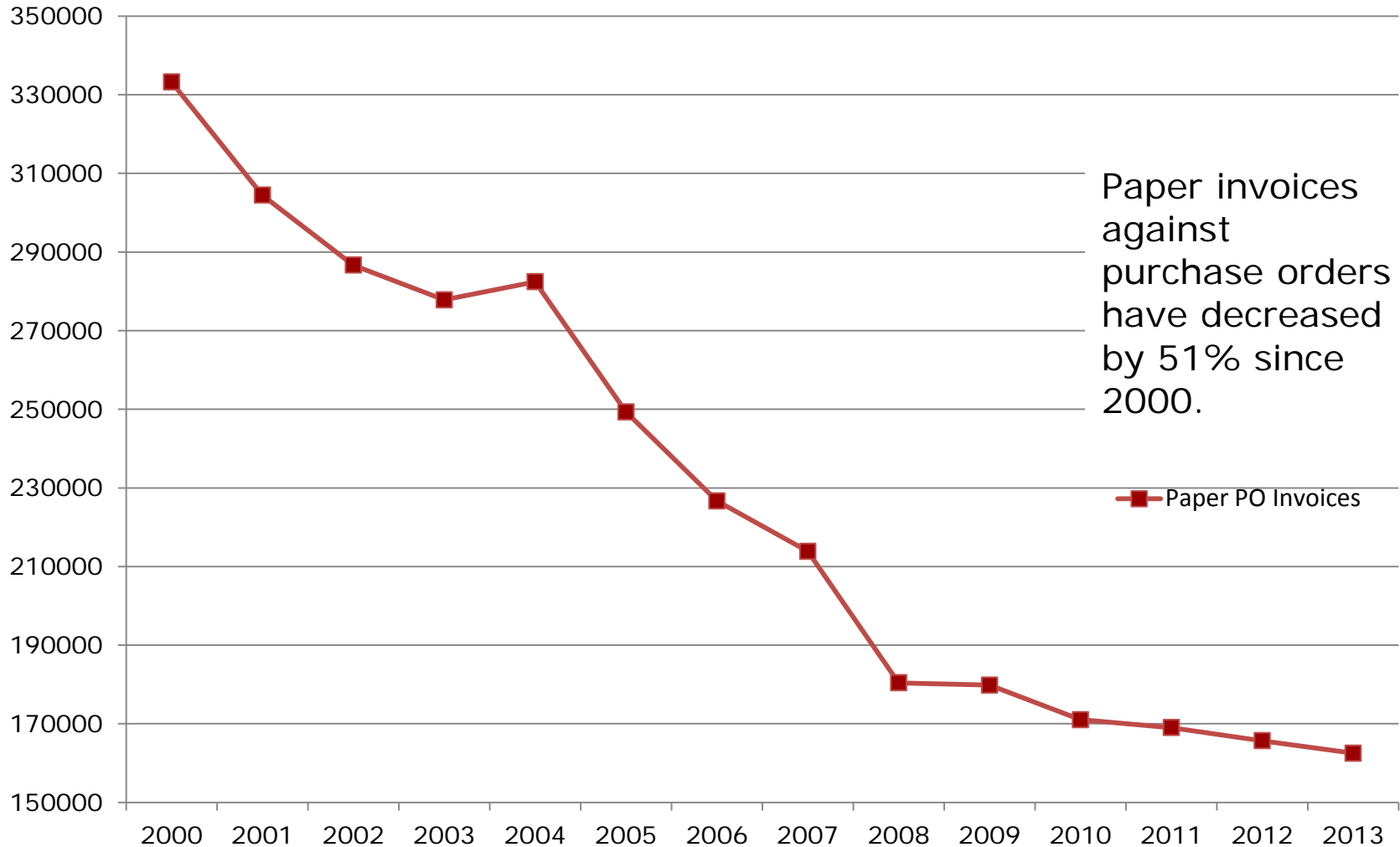
**2013**

15 Active  
Contract  
Categories

# UW-Madison eCommerce Transaction Growth



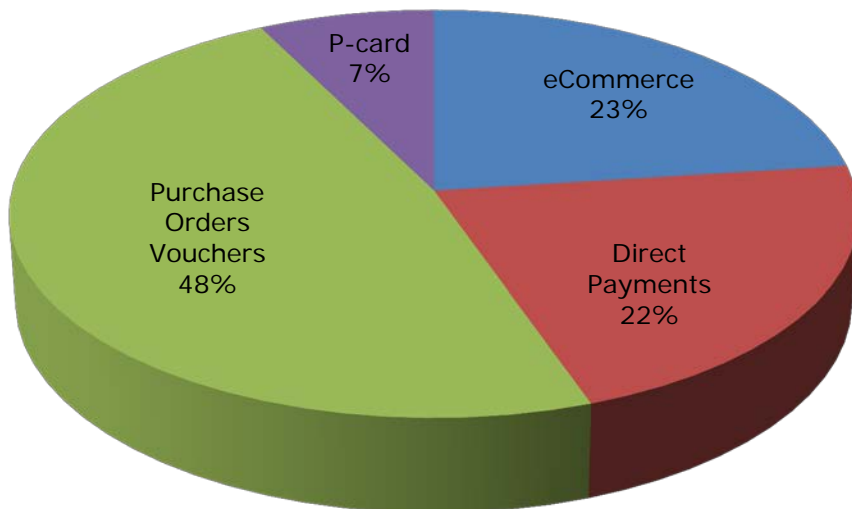
# eCommerce Impact on Paper Invoices



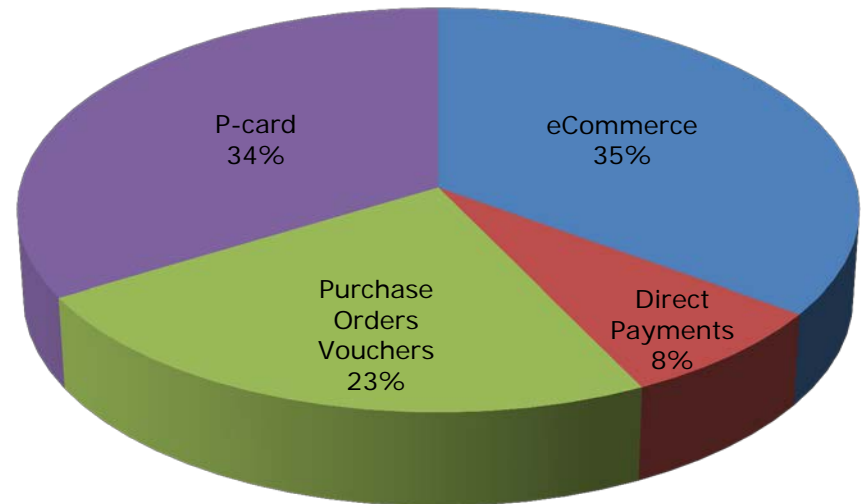
# Increase eCommerce Transactions

- In FY2000, we processed 110,147 eCommerce transactions or 23% of all transaction activity.
- In FY2013, that increased to 242,573 transactions and 35% of all transaction activity.

**FY 2000 Transactions**

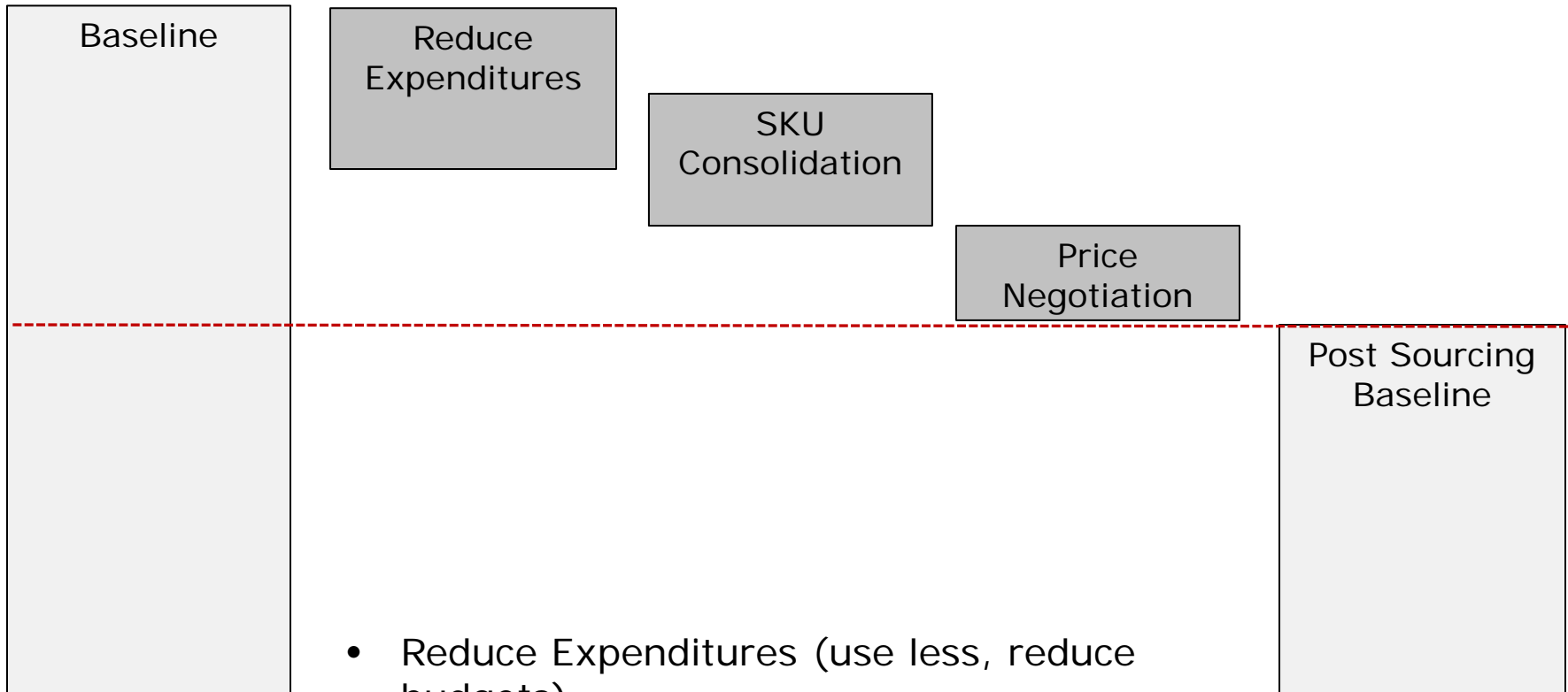


**FY 2013 Transactions**



Goal: 40% eCommerce transactions

# Savings By Cost Lever



- Reduce Expenditures (use less, reduce budgets)
- SKU Consolidation (standardize)
- Price Negotiation (contracting and consolidating vendor base)

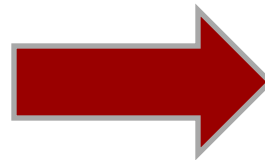
# MRO SKU Consolidation Example

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**Restroom paper towels  
15 SKUs**

**Restroom paper towels  
4 SKUs**

**Trash Liners – 28 SKU's**



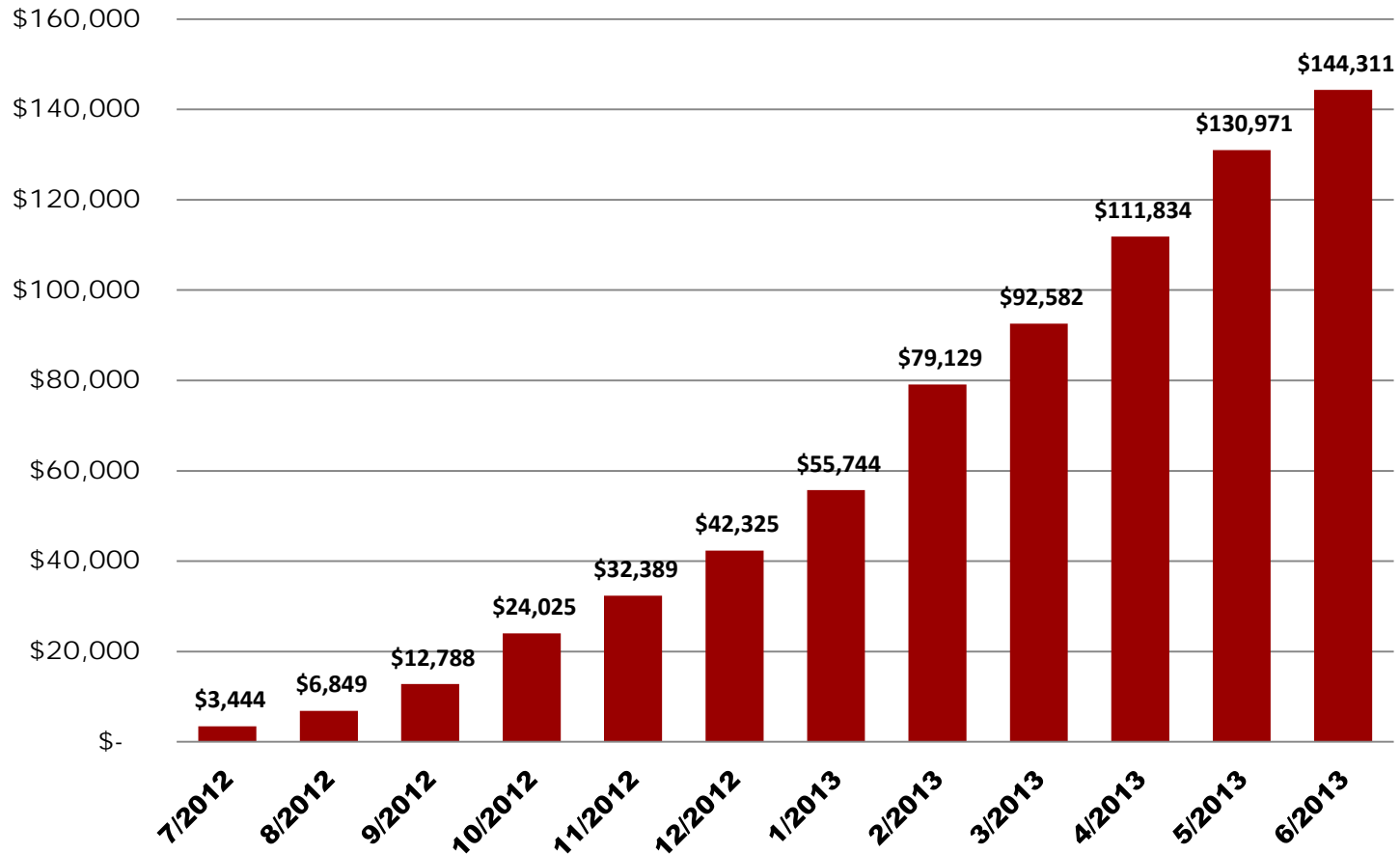
**Trash Liners – 8 SKU's**

**General Purpose  
Cleaners  
5 separate strategies**

**General Purpose  
Cleaners  
1 strategy**

# Progress on Standardization Pilots - Office Supplies

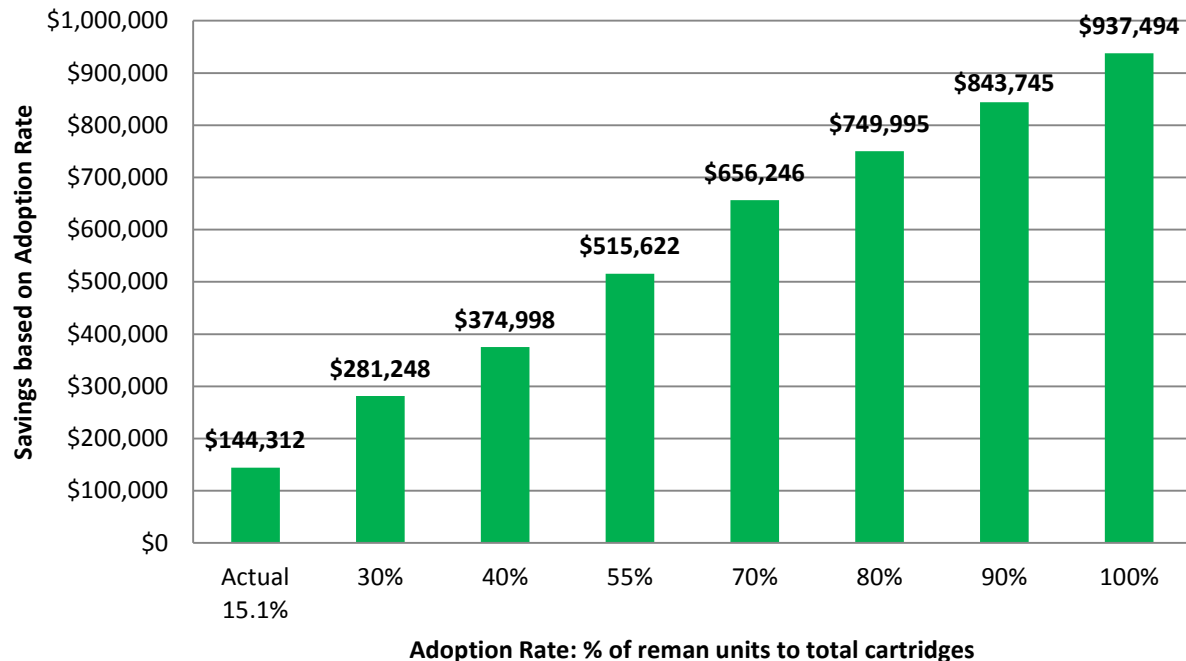
Actual Cumulative Savings for Remanufactured Toner





# Progress on Standardization Pilots - Office Supplies

Remanufactured Toner Savings Based on Possible Adoption Rates for Same Period (FY13)



**Shop@UW**

# Future Financial Management Meetings

Rooms 1106 & 1108, 21 N Park Street

9:30-11:30AM

## 2013

October 8

December 10

## 2014

February 11

April 15

June 10

August 12

October 14

December 9