

ACHIEVING 20% SAVINGS IN PROCUREMENT FOR COLLEGES AND UNIVERSITIES

Colleges and universities are facing a challenging environment as they make decisions about re-opening campuses amid COVID. Your decisions will impact undergraduate and graduate students, faculty and staff across various departments and schools.

A BIG CHALLENGE IS THAT OPERATING COSTS COULD INCREASE BY AS MUCH AS 20% BECAUSE OF:

- Emergency PPE orders, SARS-CoV-2 testing, increased sanitation expenses
- Remote learning infrastructure and IT costs
- Modifying teaching and on-campus living to accommodate social distancing

Meanwhile revenues are falling with fewer international students, lower ancillary revenue (meal plans, parking) and students deferring enrollment or taking a gap year because families are unwilling to pay full tuition in a remote learning environment. That's why universities are exploring a variety of measures to lower their cost structures.

ONE SOLUTION WITH AN IMMEDIATE FINANCIAL IMPACT IS CONTROLLING PROCUREMENT SPENDING

This is an area that has potential for significant cost savings:

- Based on AlixPartners' experience, indirect spend accounts for about 25% of an operating budget, on which savings of 15 to 20% is achievable. So, for example, schools with an operating budget of about \$1 billion could achieve \$40 to \$50 million in savings in 12 to 16 weeks.
- Some of these savings can be achieved very quickly – in 4 to 6 weeks – and can have a significant positive impact in the current calendar year.

AlixPartners has experience helping educational institutions achieve efficiencies across a range of areas, including procurement, organizational redesign, campus management, facilities/real estate, and marketing. Our heritage in turnaround and restructuring situations, combined with our cost and revenue management experience, uniquely positions us to help colleges and universities identify and implement savings opportunities during challenging times.

About AlixPartners **Sourcing and Procurement Transformation practice**

- We have analyzed sourcing and procurement budgets that total over \$250 billion and delivered over \$25 billion in bottom-line savings.
- Over 25 partners and more than 100 staff globally have deep procurement experience. Our team includes former CPOs, buyers, and prior practice leaders from other leading firms.
- Procurement comprises nearly one-third of AlixPartners' Enterprise Improvement work globally.
- We are experienced in working with educational institutions and similar service-oriented, people-centric organizations. We have proven actions/levers to address complex issues and implement solutions quickly.

FOR MORE INFORMATION, PLEASE CONTACT:

Gaurav Chhabra
Managing Director
gchhabra@alixpartners.com
+1 203 524 7337

Sanjay Shetty
Managing Director
sshetty@alixpartners.com
+1 734 834 2651

Clifton Wessels-Yen
Managing Director
cyen@alixpartners.com
+1 917 414 3061