

## Vendor-Generated Solution Maximizes Cost Model

### ARIZONA STATE UNIVERSITY

#### Campus Book Stores



The University turned to our group to outsource campus book store services. Although satisfied with their in-house operations, the University felt pressure to seek vendor expertise for long-term solutions due to rapidly evolving market conditions in the book industry.

Our group facilitated an RFI process to define market capabilities and identify current performance levels of in-house book store operations. A Best Value RFP was released, including an option for vendor-created cost model proposals. This innovative RFP approach resulted in an awarded contract which guaranteed the University minimum commissions of \$3.5M per year, \$2M in capital improvements, plus additional percent commissions. This was a huge financial success, especially when compared to the cost-based in-house model being utilized prior to outsourcing.

As the awarded vendor participated in the Best Value pre-planning process to seamlessly transition into full operation and management responsibilities before the start of the ensuing semester, all with 0% schedule impacts.

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**Schedule:** 0% Transition Delays

**Cost Impact:** \$3.5M guaranteed revenue generation per year

**Type:** Services

**Vendor:** Follett Higher Education

**Location:** Tempe, AZ

**Contract:** \$35,000,000

**Start Date:** May 2011

**Duration:** 10 Years