Laboratory Purchasing & Multi-Year Business Planning

Today’s Topics

- Laboratory Purchasing With Michael Reich
  - Consumables, Service Contracts, & Capital Equipment
- Multi-Year Business Planning With Jeffrey Hoinacki
  - Capital equipment
    - Costs, reliability & throughput, staffing, consumables
  - Service Contracts
    - Equipment coming off warranty, grant funding expiring, uncovered costs, equipment no longer covered.
  - Consumables
    - Understanding your expenses, allocations, inflation
  - Services
    - Phasing out, replacing, new
  - Service Agreements
    - Involve Office for Research, Go through SPA
  - Communicating with your users
Laboratory Purchasing

• Consumables
  • Dollar thresholds for contacting purchasing
  • UWPA vs. non-UWPA vendor pricing

• Service Contracts
  • Non-OEM service contract companies
  • Multi-year service contracts
  • Service contract service delays/poor service

• Capital Equipment
  • What can and can’t be leased and dollar thresholds
  • Different leasing mechanism and their impact
  • Guidelines for purchasing used or refurbished equipment

• Questions
Multi-Year Business Planning

Capital Equipment (3+ Years)

• Costs
  • How are you going to fund the purchase of your new instrument?
    • Sponsored (Can't Recover) or Non-Sponsored Funds (Recoverable)
    • Lease Types (Finance or Right of Use)
      • Lease must be “Right of Use” in order to charge directly to service center. (Less Expensive)
      • Finance leases must be charged outside of service center and recovered via depreciation.

• Reliability & Throughput
  • Will this new instrument have the same reliability as your old one?
    • If your core is operating at capacity, a new instrument’s throughput could change the price of the services you provide

• Staffing
  • Can this new instrument be operated by the same technician without any additional training?
    • If training is required, how long will this take and what impact would it have on your budget?
    • If higher level associate is required, consider this new person’s cost and its impact on the rate of your services.

• Consumables
  • Will this new equipment have different consumables costs? If so, what are they?
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Service Contracts (1+ Years)

- Equipment coming off warranty
  - Do not forget this cost, especially if your service contract was not included in the Purchase Order for your new equipment.
    - Costs should be included on service center licenses for the portion of the year that they’re active.
    - Licenses can be updated mid-year, but typically at this point it is too late and your users will not have the budget to pay the increased costs.

- Uncovered costs
  - Preventive Maintenance Contracts
    - Understand what is and isn’t included in these contracts and budget accordingly.
    - Expected maintenance costs for equipment that are not covered by a prevent maintenance contract or full-service contract can be budgeted on your service center license, do not leave these costs out.

- Equipment end of life
  - Your equipment will no longer be covered by the OEM due to the age of the equipment
    - Understand the costs to maintain this equipment yourself or find a non-OEM to service the equipment
    - If this piece of equipment is vital to your core, please looking into replacing it with an S10 if at all possible

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**Consumables (1+ Years)**

- What do your consumables really cost?
  - Consumable prices are rising, but your revenue hasn’t?
    - Have you searched around for the best price lately?
    - Can you replace what you’re currently using with a different brand or change your method to reduce your costs?
    - Have you correctly quantified the volume of consumables you’re using for your services?
    - Have you updated your consumables costs in your service center license?
  - Are any of your consumables/kits going to be phased out by the manufacturer?
    - What are you going to be replacing the consumable with?
      - A new kit? Will it have a different throughput that will affect your rates?

**Services (3+ Years)**

- Adding, replacing, or phasing out services?
  - Adding or replacing services
    - Have you determined the price of the new service?
    - Is this service provided elsewhere (Internally/Externally)? Is your price competitive?
  - Phasing out a service ( Unsustainable or Unable to provide)
    - Have you told your customers and provided them with their other options?
Multi-Year Business Planning

Service Agreements (3+ Years w/Inflation)

• Project cost estimates
  • External and internal users should be provided with project cost estimates that include projected cost increases by fiscal year for multiyear projects.
    • Rarely do external users request project cost estimates/quotes for budgeting purposes, but if they do, please let them know that the rates you’re providing are estimates only.
    • External users must request new/updated service agreements with the cores when initiating new projects so that service rates are up to date.

• Short-term or project based if possible
  • The shorter and more compact a service agreement can be, the better.
  • Blanket service agreements that do not include a specific volume of services are acceptable but should be updated every fiscal year with updated costs.

Communicating w/Users (3+ Years)

• Please request that all your users request project cost estimates from your core for budgeting their grants.
  • Equipment based cores should let their users know on a regular basis that rates will be increasing approximately X% per year.
Questions?

- iLab
- Service Agreements
- Service Center Licensing
- Purchasing
The next Core Director Forum will be April 21th

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