Core Pillars for a Successful Transformation and Continued Procurement Maturity

FAPPO Fall Workshop
November 7, 2014
Agenda

- The What and Why of Procurement Transformation
- Four Stages of Procurement Maturity
- Five Core Pillars of Procurement Transformation
- Roadmap to Implement the Core Pillars
- State of GA, State of FL and Florida International University’s Procurement Transformation
- Typical Challenges For A Successful Transformation
Traditional Procurement Model

- Highly Administrative
- Narrow/Simple tasks - Transactional
- Limited Spend Visibility
- Basic Technology
- Little or No Leveraging of Spend
- Low “Manager-Staff” Ration
- Limited Certified Professionals
- High Cycle Time and Low Productivity
A Procurement Transformation Vision

- Center of Excellence that Partners with the Businesses and Functions to Support, Drive and Deliver World Class Procurement Capabilities Globally by:
  - Maximizing value through category strategy, supplier management, source to pay process optimization and functional consolidation
  - Delivering benchmark performance in quality, speed and cost to our internal customers and external suppliers
  - Leveraging integrated procurement technologies across the organization to streamline and standardize processes and to build strong analytics and knowledge
  - Developing a high performance collaborative culture and team recognized for innovation and integrity
Transformation: Why Make the Effort?

- More Spend Under Control Equals More Savings and Value:
- Maturity Is Required to Increase: Value, Staff Growth, Compliance, and Savings

Procurement Transformation and Maturity Enables You to Master Technology, Increase Knowledge, Generate More Savings, and Drive Value
Is Procurement Transformation Needed

- How efficient is your procurement processes?
- What is the quality of your work products?
- Are you consistent with compliance oversight?
- What is your spend under management?
- What are your strategic goals?
- Are your goals aligned with best in-class practices?
- Is the pay and job classification appropriate?
- What is your PO cycle time and productivity rate
- What is your savings target?
Procurement Transformation Strategy

**Direction:** How do we want to procure materials and services?

**Innovation:** What do we need to do to raise our level of performance?

**Enablement:** How will we make it happen and sustain it?

- Category Strategy
- Best Practices
- New Business Models
- P2P
- eSolutions
- Organizational Effectiveness

Desired Practices and Behaviors to Achieve Results and High Performance
Key Issues for Continued Procurement Transformation

1. What are the four stages that an organization progresses through in procurement maturity?

2. What are the five core pillars for continued transformation and stage-by-stage attributes of maturity?

3. What is the roadmap to implement the core pillars?
**Four Stages of Procurement Maturity**

- **Stage 1**: Reacting
  - Lowest total cost
  - Basic sourcing and procurement

- **Stage 2**: Anticipating
  - Lowest total cost of ownership
  - Centralized sourcing and procurement collaboration

- **Stage 3**: Collaborating
  - Cost optimized and scalable
  - Recognizing that value = savings
  - Lowest total cost of ownership
  - Centralized sourcing and procurement collaboration

- **Stage 4**: Orchestrating
  - Scalable, value-centric outcomes
  - Adaptable and highest value
  - Optimized cost-to-deliver and cost-to-serve trade-offs
  - Enhanced savings via supply management collaboration, orchestration, shared and joint value creation, and risk sharing

**Cost**

**Target**

**Mindset**

- **Cost optimized and scalable**
- **Recognizing that value = savings**
- **Lowest total cost of ownership**
- **Centralized sourcing and procurement collaboration**

- **Scalable, value-centric outcomes**
- **Adaptable and highest value**
- **Optimized cost-to-deliver and cost-to-serve trade-offs**
- **Enhanced savings via supply management collaboration, orchestration, shared and joint value creation, and risk sharing**

- **Revenue focus, but ... not scalable**
- **Adaptable, but ... expensive**
- **Lowest order/PO cost**
- **Decentralized procurement**
Key Issues for Continued Procurement Transformation

1. What are the four stages that an organization progress through in procurement maturity?

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Core Pillars for Continued Transformation and Maturity

Foundation for sustainable improvements
Four-stage Maturity Model: Process

Stage 4:
- Regional supplier consolidation, supplier intelligence via multi-tier visibility, global contract and business process outsourcing,

Stage 3:
- Centralized sourcing and procurement processes, strategic, including onboarding, master data management, complexity/risk reduction via visibility and contract life cycle management, with KPIs

Stage 2:
- Procurement automation (procure to pay), moving from transactional to strategic, function-based KPIs

Stage 1:
- Decentralized procurement process with basic metrics, transactional
# Four-stage Maturity Model: Performance Management

**Stage 4:**
- End-to-end supply chain governance
- Procurement dashboards focus on cost to deliver; shared services and contract management

**Stage 3:**
- Strategic and cadence reviews
- KPIs and basic dashboards established

**Stage 2:**
- Basic governance
- Focus on cycle time and basic productivity

**Stage 1:**
- Transactional
- Siloed purchasing and limited data
## Four-stage Maturity Model: Organization

<table>
<thead>
<tr>
<th>Stage 4:</th>
<th>Value and data focus with advanced Supplier Performance Management/scorecards and contract life cycle management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 3</td>
<td>Job description and pay grade competitive to private sector, organization designed around spend and service, focus on quarterly business reviews for key suppliers, “Trusted Advisor” status with business partners</td>
</tr>
<tr>
<td>Stage 2:</td>
<td>Centralized procurement, basic procurement positions, simple vendor and contract management</td>
</tr>
<tr>
<td>Stage 1:</td>
<td>Decentralized procurement, limited oversight by procurement professionals</td>
</tr>
</tbody>
</table>
### Four-stage Maturity Model: Training

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 4</td>
<td>Center of Excellence supporting regional Business Units and strategic partnering, career academies, and executive succession</td>
</tr>
<tr>
<td>Stage 3</td>
<td>Center of Excellence for strategy, shared services and standardization, talent rotation, and succession planning</td>
</tr>
<tr>
<td>Stage 2</td>
<td>Focus on training and certification</td>
</tr>
<tr>
<td>Stage 1</td>
<td>Focus on local procurement and talent</td>
</tr>
</tbody>
</table>
Four-stage Maturity Model: Technology

Stage 4:
• Analytics, risk, returns, and collaboration

Stage 3:
• Advanced source to settle/procure to pay integrated with ERP portal, advanced shipping notification, electronic funds transfer, and contract life cycle management

Stage 2:
• Basic source to settle/procure to pay with ERP and product life cycle management integration, plus Web services collaboration

Stage 1:
• Basic manual procure to pay processes and MS office desktop
Key Issues for Continued Procurement Transformation

1. What are the four stages that an organization progresses through in procurement maturity?

2. What are the five core pillars for continued transformation and stage-by-stage attributes of maturity?

3. What is the roadmap to implement the core pillars?
Procurement Team’s Maturity

Reacting
- Many manual processes
- PR, PO, AP focused
- Few negotiations, if any
- Limited recognition

Anticipating
- Use of technology and automation
- Efficient tactical procurement
- Sourcing teams in place
- Total Cost of Ownership
- Broader business has visibility into objectives & performance

Collaborating
- Utilize a variety of tools
- Low cost tactical procurement
- Source beyond cost – supplier capabilities, innovation, knowledge mgmt.
- Sourcing involved early in the planning and budget phase
- “Trusted Advisor” status with business partners
- Execs promote the use of the sourcing organization

Orchestrating
- Know and use the best tools for the job
- Best in class tactical procurement
- Supply base has become competitive advantage
- Viewed as business leaders, not sourcing
- Strategies transform the business
- Optimize the entire supply chain, not just categories
- Stint in sourcing is a requirement for advancement to Executive Leadership
Transformation can be multi-phase initiatives
Exercise

✓ Assess your organization’s current procurement maturity level

✓ Define procurement transformation initiative for each of the core pillars that aligns with reaching the next maturity level

✓ Create a road map of the core pillars to reach stage 4 in the maturity level
## Exercise - Current State of Procurement Maturity

<table>
<thead>
<tr>
<th></th>
<th>Stage 1: Reacting</th>
<th>Stage 2: Anticipating</th>
<th>Stage 3: Collaborating</th>
<th>Stage 4: Orchestrating</th>
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<tbody>
<tr>
<td>Process</td>
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<tr>
<td>Performance Management</td>
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<tr>
<td>Organization</td>
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<td>Training</td>
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<tr>
<td>Technology</td>
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</table>
Exercise - Transformation needed to reach the next maturity level

Foundation for sustainable improvements
State of GA, State of FL and Florida International University’s Transformation

- Where is our organization today?
- What are the Executive Leadership’s goals?
- Where do we want to be in 2-4 years?
- How do we get there?
- What was the outcome of the Transformation?
Executive Leadership’s Goals

• Increase Compliance
• Reduce Cycle Time
• Increase Savings
The Governor’s Commission for a New Georgia was the driving force behind State Purchasing Division’s Procurement Transformation.

“The primary objective of the Procurement Transformation Initiative is to (1) perform a thorough spend analysis of the State’s purchasing, (2) implement strategic sourcing across the majority of this spend, while (3) simultaneously building the state’s capacity to sustain the benefits of this effort into the future”

- Procurement Transformation Initiative Memo; Tommy Hills, Jim Lientz, Lonice Barrett, November 22, 2005
What does SPD want to accomplish?

Goal is to delegate purchasing authority to state agencies and universities

- Training and certification
- Skill validation
- Compliance audits

So that state purchasing can focus on increasing the number of statewide contracts and achieving procurement goals.
### World Class Procurement for the State of Georgia

#### Procurement Transformation Initiative Goal

<table>
<thead>
<tr>
<th>Problems</th>
<th>Response</th>
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<tbody>
<tr>
<td>Lacked compelling mission and strategy</td>
<td>Established a center-led procurement organization</td>
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<tr>
<td>Gaps in skills, training and incentives</td>
<td>Increased staff capacity and strengthened competencies</td>
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<td>Significantly underdeveloped performance management practices</td>
<td>Implemented comprehensive performance improvement/risk mitigation program</td>
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<tr>
<td>Lacked good procurement data</td>
<td>Undertook necessary legislative changes</td>
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<tr>
<td>Transactional, fragmented procurement systems</td>
<td>Upgraded core procurement processes</td>
</tr>
<tr>
<td>Missing best-practice procurement tools</td>
<td>Implemented cutting-edge procurement technology</td>
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</tbody>
</table>
State Purchasing implemented numerous initiatives based on the Transformation’s recommendations. The team has built the foundation for sustainable improvements.

**Key Initiatives**

- Process
  - NIGP and ISM partnership
  - Training Review Council
  - Training curricula guidelines and roadmap
  - State Certification program
  - New employee on-boarding
- Strategic Sourcing
- Negotiation Guidelines
- Total Cost
- Vendor Market Analysis
- RFQ/RFP Process Improvement
- Update of Procurement Code and Policies

- Performance Management
  - Organization Redesign
  - New job profiles
  - New pay grade
  - People Development Guidelines
  - Recruiting assessment tools and procedures
  - NIGP and ISM partnership
  - Training Review Council
  - Training curricula guidelines and roadmap
  - State Certification program
  - New employee on-boarding

- Organization
  - Contract Administration Management
- Vendor Performance Management

- Training

- Technology
  - Implementation of PeopleSoft Procurement
  - Web-based P-Card admin.
  - SharePoint collaboration site
  - Electronic solicitation (eQuote, eRFx)

The team has built the foundation for sustainable improvements.
The transformation is a multi-phase initiative to achieve considerable savings from process improvement and strategic sourcing efforts.
The State redesigned their purchasing organizational structure to improve service and operational delivery.

- Conduct category management, strategic sourcing and supplier development for categories managed by State Purchasing
- Provide guidance to category teams that reside within agencies
- Manage procurement of goods/services that have no established category teams

- Provide support activities to category teams and special projects
- Support procurement applications
- Manage procurement training
- Assist agencies in improving process
- Manage agency/vendor relations
Seven Stages of Procurement

1. **Need Identification**
   - Identify need for purchase
   - Start selecting cross-functional team

2. **Pre-Solicitation**
   - Identify cross-functional team
   - Decide on required analysis
   - Develop Factor profile
   - Generate Vendor Portfolio
   - Identify most appropriate purchasing method

3. **Solicitation Preparation**
   - Develop Sourcing strategy
   - Develop Bid Factors for sourcing
   - Generate questions for RFP
   - Generate evaluation criteria
   - Create RFP according to format

4. **Solicitation Process**
   - Post eRFP advertisement or bid notice on GPR
   - Conduct Q&A session
   - Conduct offeror conference
   - Select Implementation path
   - Develop Evaluation/negotiation plan
   - Receive bids

5. **Evaluation Process**
   - Select Vendors
   - Conduct administrative review
   - Evaluate technical proposal
   - Analyze cost proposal (TCO calculation)
   - Conduct Negotiation
   - Finalize contract

6. **Award Process**
   - Issue intent to award
   - Handle vendor protests
   - Implement new agreement
   - Issue notice of award
   - Document and store contract/purchase details

7. **Contract Process**
   - Create contract administration plan
   - Sustain results
   - Track contract performance
   - Track vendor performance
# Process Improvement

## Purpose

To conduct Compliance Audits:
A systematic review and assessment of an entity’s procurement performance against the laws of Georgia (O.C.G.A.), the Georgia Procurement Manual (GPM), and best business practices. Process Improvement’s mission is to effectively evaluate, report, and improve procurement performance for all entities/institutions under DOAS’ purview.

## Specific Activities

- Provide better oversight to state’s procurement transactions and activities
- Collaborate with the audited entity and SPD to develop and deliver proper Action Plans which will result in improved performance
- Provide proper “follow-up” to assure fulfillment of the necessary requirements for improvements

## Goals

- Partner with entities in reducing procurement risks to the entity/state
- Expand sphere of knowledge and skills for procurement staff
- Grow internal capabilities to procure at higher DPA levels
- Sustain improvements to the state’s procurement performance

- Deliver lasting value to entities by increasing customer service levels
- Share “Best in Class” procurement examples
- Share Best Business Practices

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**FIU FLORIDA INTERNATIONAL UNIVERSITY**
Review Procurements for Quality

Process Improvement is comprised of four (4) Audit Teams:

- 3 Compliance Audit Teams
- 1 Purchasing Card Audit Team

- Goal is to improve procurement performance through identifying deficiencies and providing solutions.

- Types of audits performed:
  - Compliance Audit Teams – Compliance Audit, DPA Performance Audit and Continuous Monitoring Audit
  - Purchasing Card Audit Team – Program Management Audit and Continuous Monitoring Audit
Sample of Procurement Audit Programs

1. Administrative Analysis Program
   - Administrative processes used throughout the audit
   - Engagement Letter
   - E-Mail Communications
   - Maintain audit files
   - Documentation of Onsite investigation
   - Report documentation & distribution

2. Internal Controls Analysis Program
   - Verify internal controls for assurance that accurate procedures and proper oversight are in place
   - Internal Policies & Procedures
   - Internal Communication
   - Business Process Flow (In-House Requisitions)
   - Separation of duties between Procurement, Receiving, and Payables

3. PO Analysis Program
   - Verify accurate processing of purchase orders
   - PS Queries
   - Review PO’s for proper processes and documentation
   - Review for proper bid procedures
   - Review for using SWC purchases & discounts
   - Review for utilizing Agency Contract purchases
   - Review Sole Source/Sole Brand purchases & Piggyback purchases
   - Verify purchases are within DPA level
   - Verify competition if >$5,000

4. GPR Analysis Program
   - Verify accurate postings to the GA Procurement Registry
   - Entity Information Page in system is up-to-date
   - Current APO is in system
   - Buyers Listed with proper security levels
   - Use of eQuote System
   - Examine Bid Processes & Postings
   - Verify Bid Documentation
   - Verify Agency Contract Index is maintained

5. Payables Analysis Program
   - Verify three-way match controls are in place
   - Quantities & Pricing
   - Purchase Orders, Receiving documents, invoices
   - Payment verification & discounts taken

6. Onsite Analysis Program
   - Onsite review and investigation
   - Entrance Conference
   - Bid Files
   - Entity Contract Files
   - Sole Source/Sole Brand Justifications
   - Exit Conference
   - Remote location visits

Staff assignments and required approvals are documented for each task within every program.
# Professional Development

## Purpose
The activities necessary to foster improvement and broadening of knowledge and skills necessary for the execution of professional duties

All activities necessary to develop knowledge and maintenance of up-to-date skills in a specific area of expertise

## Specific Activities

- Provide Onboarding Orientation to DOAS – State Purchasing Division employees
- Provide internal training to DOAS – State Purchasing Division employees
- Coordinate external training for DOAS – State Purchasing Division employees
- Train representatives from agencies, departments, boards, commissions, institutions, or other entities of the state
- Provide Certification program to DOAS – State Purchasing Division and statewide purchasing staff
- Assist in the introduction of Process Improvements by DOAS - State Purchasing Division

## Goals

- Enhance the DOAS – State Purchasing Division course offerings
- Maintain a training schedule that provides continuous access to training classes
- Make training information and classes more accessible to end users
- Certify students on key skills
Professional Development
Georgia Procurement Certification Program

- Basic Certification
- RFP Certification
- Negotiation Certification
- Contract Management Certification
- Team Georgia Marketplace Certification
- P-Card Certification

Designations:
- Georgia Certified Purchasing Associate (GCPA)
- Georgia Certified Purchasing Manager (GCPM)
- Georgia Certified Purchasing Card Administrator (GCPCA)
Professional Development
DOAS Strategy G3M1S3-SPD1:
Roll-out Procurement Professional Development Certification
Statewide by June 30, 2011

**Basic Certification** ~ Number of Students Who Completed Certification Exams

- How to Conduct a Self Audit (To be released 3-10)
- Legal Issues (To be released 2-10)
- eQuote (Released 1-7-10)
- Writing Basic Specifications (Released 12-2-09)
- Fundamentals of State Purchasing (Released 10-28-09)
- Introduction to State Purchasing (Released 9-22-09)
## Procurement Applications

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Specific Activities</th>
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</table>
| To research, review and recommend new and emerging technologies to achieve a world class eProcurement environment. To assist internal and external users of statewide procurement applications with a knowledgeable, helpful staff. | • Enhance the core procurement functionality within PeopleSoft with 4 additional SRM modules  
• Create and establish a collaboration SharePoint website for examples of best in class and best practices documents  
• Restructure the document management process into a SharePoint environment to assist with open records requests and compliance with State records retention rules.  
• Enhance eQuote functionality to allow for greater usability.  
• Provide help desk support for all SPD applications |

### Goals

- Establish and maintain a paperless eProcurement environment
- Ensure success of statewide eProcurement projects by meeting established goals and milestones
- Establish a body of knowledge by documenting procurement application processes
Implement PeopleSoft Supplier Relationship Management (SRM) Modules

- DOAS – SPD has implemented 4 SRM modules to support the eProcurement initiatives outlined in the Procurement Transformation Initiative
- DOAS has contracted with Cherry Road Technologies as our implementer
Procurement Applications
Tools and Initiatives

**Tool**

- **eQuote**
  - Web-based procurement sourcing tool
  - Used by state agencies, departments, boards, bureaus, commissions, institutions, and other state entities
  - Quick Reference Guide Template for the development of quick reference guides

- **DOAS Web site Redesign**
  - Improved customer access
  - Easier access to information
  - News and announcements
  - Direct links to applications and tools
  - Provides a new look
  - Provides updated content
  - Includes easy to use navigation tools
  - Rolled out March 2009

**Function**

- Provides electronic sourcing tools for non-TGM state entities
- Mandatory use statewide for quotes
- Increased the Solicitation dollars processed through eQuote
- Increased cost avoidance.
- Implemented enhancements in summer of 2010 to allow for RFPs, RFQCs and multiple awards
Procurement Applications

Tools and Initiatives

<table>
<thead>
<tr>
<th>Tool</th>
<th>Function</th>
<th>Benefits/Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole Source</td>
<td>▪ Policy and procedure revised for Sole Source procurements</td>
<td>▪ Provides agencies automated tools to support sole source policy requirements</td>
</tr>
<tr>
<td></td>
<td>▪ Georgia Procurement Registry (GPR) modified to enable and expedite sole</td>
<td>▪ Ensures consistency in posting and awarding Sole Source procurements</td>
</tr>
<tr>
<td></td>
<td>source events</td>
<td>▪ Implemented January 2009</td>
</tr>
<tr>
<td></td>
<td>▪ Provides agencies automated tools to support sole source procurements</td>
<td>▪ Allows procurement help desk team to track, respond, and escalate issues for</td>
</tr>
<tr>
<td></td>
<td>▪ Ensures consistency in posting and awarding Sole Source procurements</td>
<td>quick resolution</td>
</tr>
<tr>
<td></td>
<td>▪ Implemented January 2009</td>
<td>▪ Provides ability to assign calls to additional resources during peak call</td>
</tr>
<tr>
<td></td>
<td>▪ Team handled with assistance from OCS call center staff</td>
<td>periods</td>
</tr>
</tbody>
</table>

Procurement Help Desk

▪ Provide support to suppliers, agencies, and other state entities through:
  ▪ Hosted help desk ticket creation and tracking tool
  ▪ Telephone system to support multiple call reasons and routing
# Strategic Support

## Goals

- Accelerate and improve savings benefits
- Enhanced focus on strategic issues
- Ensure quality assurance is upheld at the highest standards
- Realignment of resources to focus on other strategic opportunities
- Reduce sourcing cycle times by utilizing customized solutions to match specific category requirements

## Purpose

- Provide holistic data solutions to the State Purchasing Division by effectively leveraging Data Management Best Practices
- To address unique strategic requirements utilizing customized solutions to support specific needs and to ensure that sourcing teams are well-equipped to meet their objectives throughout the 7-Stages process

## Specific Activities

- Database structuring and complex reporting enables others to more efficiently manipulate and analyze large volumes of data
- Provide Spend Management Analytic tools, including spend cube, reports and applications
- Data requests, collection and manipulation (creation, compilation and analysis)
- Market and vendor research
- Spend analysis
  - Develop baselines
  - Bid Sheet compilation
  - Bid analysis
  - Recommendations on sourcing strategies
  - Negotiations and implementation analysis
- Category profiles
- Savings tracking and validation
- Process development and improvement
- Contract compliance
Role of Strategic Sourcing in Procurement

Overview of Spend Management

- State of Georgia’s Transformational Goal
  - Leverage the purchasing power of state entities to create quality SWCs
  - Quality = SWCs with spend optimization and increased service levels
  - Key method to reaching goal is strategic sourcing
Role of Strategic Sourcing in Procurement

Overview of Spend Management

- **Strategic Sourcing**
  - A fact-based approach to identifying viable statewide contracts (SWCs)
  - Detailed analysis of external market and internal purchasing data using metrics, collaboration, planning and research

<table>
<thead>
<tr>
<th>External Data</th>
<th>Internal Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Current and future market conditions</td>
<td>• Purchase orders</td>
</tr>
<tr>
<td>• Industry trends, etc.</td>
<td>• Accounts payable</td>
</tr>
<tr>
<td>• Now easier to access with the internet and availability of publications, research</td>
<td>• Difficult to collect:</td>
</tr>
<tr>
<td></td>
<td>“...Strategic sourcing plan is often hindered by the lack of detail and comprehensive data...Much of the historical data is still in paper form...”</td>
</tr>
</tbody>
</table>

Why is the tool important?

Tool Overview

- Refresh capabilities allow the tool to be reused and data benchmarked
- Flexible precision to examine spend from multiple viewpoints to determine:
  - What is being purchased?
  - From whom?
  - At what price?
- Robust technology system provides detailed analysis and a comprehensive scope of Georgia’s spend
How does the tool do this?

Tool Overview

- Collects disparate spend data
- Organizes data into categories and granular subcategories
- Generates comprehensive real-time reports
Project Deliverables
Spend Management Analytics

Disparate Data Types
- Account Payable “AP”
- Purchase Order “PO”
- Purchasing Card “P-Card”
- Other Data Types (eCatalog, GL, Supplier, etc.)

Data Cleansing Normalization/Categorization

Output
- “Spend Cube”
  - Supplier Dimension
    - Resolution of redundancies (IBM, IBM Corp, Inter Bus Machines)
  - Category Dimension
    - Organizes expenditures into sourceable commodity buckets (Sourceable > Goods > Paper)
  - Organizational Dimension
    - Provides visibility into State Entity, department, etc.
    - Can be used to identify “Location” dimension (DOAS > GTA > Accounting)

Applications & Reporting
- Revenue Management Application
- Spend Management Reports
- Statewide Contract Pricing Delta Analysis Application
- P-Card Reports
- Monitor Contractual Pricing Compliance Application
- Under-utilized or Inactive Supplier Reports
A clear and comprehensive tree is imperative to logical reporting and management.
Spend Management Analytics Dashboard

Applications and Reporting

> Spend Dashboard
- Explore Georgia's State spend (Drill-up-down-across)

Georgia State's spending across top categories:
- Operations & Maintenance (53.46%)
- Health & Social Services (20.05%)
- Professional Services (16.02%)
- Supplies (5.78%)
- Software & Services (4.69%)

> Spend by Dimensions:
- Spend by Datasource
- Spend by Fiscal Calendar
- Spend by NIGP
- Spend by Category
- Spend by Agency
- Spend by Suppliers
- Spend by Program
- Spend by Fund
- Spend by Funding Source
- Spend by Project Grant

> Continuous Monitoring
- Reports for Identifying Rogue Spend
- Reports for Statewide P-Card Program
- Reports for Identifying Under-utilized Suppliers
- Reports for Identifying Expiring Statewide Contracts*

> Quick Links
- Top 50 Suppliers
- List of Statewide Contracts
- NIGP Code Lookup
- Spend Analytics Manual

Management can access reports and do drill-downs into spend data using spend management applications.
Implementation Can Lead To:

- Smarter business decisions
- Increase spend visibility
  - Identify opportunities for potential contracts
  - Lower the purchase price while increasing quality
  - Measure overall procurement performance
- Increase contract compliance
  - Ensuring Price Compliance
  - Monitoring “Rogue” Spend
  - Identifying Underutilized Suppliers
  - Correctly Marketing Contracts
- Directing Spend to P-Cards
Developing Collaboration Procedures to Improve Procurement Performance and Customer Service Levels

**Leadership Team**
- Commissioner
- Assistant Commissioner of Procurement
- Knowledge Center Director
- Strategic Sourcing Director
- Customer Advocacy Director

**DPA Recommendation**
- Increase/Decrease Current Level

**Approve DPA Level**
- Increase/Decrease Current Level

**Process Improvement**
- Audits
  - Evaluate compliance, performance, training needs, internal controls, and business practices
  - Determine risk levels
  - Develop mitigation strategies
- Reports
  - Detail finding results
  - Implications of identified risks
  - Recommendations
  - Action Plans

**Strategic Sourcing**
- SWC Development & Marketing
- Qualify Performance Levels (Approvals)
- Recommend Increased DPA
- Co-Sponsor Solicitation
- Quality Control Input (SWC information)
- Action Strategies (SWC Opportunities, Discounts, Triggers & Action Plans)

**Knowledge Center**
- Strategic Support – Data Resources
- Procurement Applications – System Needs
- Customer/Supplier Satisfaction – Supplier Problems
- Professional Development – Training, Case Studies
- Purchasing Card Manager – Program Administration, Transaction & Purchase Type Approvals, Deficiencies, Opportunities

**Library**
- Customer Service Surveys
- Best Business Practices
- Best in Class Examples
- Policy and Procedure Needs

**Entities/Colleges & Universities**
- 42 Entities
- 37 Colleges/Universities

**Support**
- Information Sharing
- Action Plans

**Sustainable Procurement Performance**
State of Georgia has become one of the Best Managed States, with an extremely efficient and effective procurement organization.

<table>
<thead>
<tr>
<th>Capacity Improvements</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organization:</strong></td>
<td>▪ More collaborative environment</td>
</tr>
<tr>
<td>▪ State Purchasing is realigned by category clusters</td>
<td>▪ Millions in annualized savings</td>
</tr>
<tr>
<td><strong>Skills &amp; Training:</strong></td>
<td>▪ Expanded audit capabilities</td>
</tr>
<tr>
<td>▪ State of Georgia Procurement Certification Program</td>
<td>▪ Negotiations for both service and price</td>
</tr>
<tr>
<td><strong>Process</strong></td>
<td>▪ Expanded opportunities for training</td>
</tr>
<tr>
<td>▪ New procurement techniques and policies</td>
<td>▪ Effective vendor management</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>▪ Easier and better access to statewide contracts</td>
</tr>
<tr>
<td>▪ Implementation of eTools</td>
<td>▪ Process time reduced with eRFx</td>
</tr>
<tr>
<td><strong>Spend Management</strong></td>
<td>▪ State Purchasing becoming self-funded</td>
</tr>
<tr>
<td>▪ Tools, reports and applications</td>
<td>▪ Spend management analytics</td>
</tr>
</tbody>
</table>
State of Florida - State Purchasing Procurement Transformation

• Seven Stage Guidebook to Public Procurement

• MyFloridaMarketPlace Enhancements and Electronic Sourcing Tool

• Training
  ▪ ITN
  ▪ Negotiations
  ▪ Seven Stages of Strategic Sourcing Process
Guidebook to Public Procurement

- Objective - Provide direction in the purchase of commodities and services pursuant to 287.057. Integrating Florida Statutes and Rules that govern Public Procurement with best practices.

- Designed around the Seven Stages of Public Procurement that form a conceptual framework for guiding the methods by which agencies create and manage contracts.

- The Guidebook breaks the work related to Public Procurement Process into three distinct categories:
  - Stages: are composed of multiple phases and significant work product is produced
  - Phases: are groupings of activities that produce a specific results
  - Activities: are generic processes or procedures in which staff partakes

- Use of special callout icons to bring attention to specific areas of interest (i.e. agency, State P, Vendor, Statute, MFMP)
7-Stage Strategic Sourcing Process

Key Worksteps
- Kick-Off & Explore Opportunities
  - Conduct High-Level Opportunity Analysis
  - Engage Internal Team
  - Create Workplan
- Profile Internally & Externally
  - Develop Internal Profile
  - Build TCO Model
  - Create Preliminary Business Case
- Develop Strategy
  - Develop External Profile
  - Engage External Team
  - Finalize Scope / Strategy
- Develop Vendor Selection Factors
  - Establish Mandatory Criteria
- Conduct Competitive Event
  - Develop Solicitation
  - Conduct Solicitation
- Prepare Value Proposition & Award
  - Develop Value Proposition
  - Make Award Decision
  - Document Savings
- Implement & Manage Agreements
  - Execute Communication Plan
  - Implement Agreement
  - Manage Agreement

Typical Deliverables
- High-Level Opportunity Analysis
- Workplan
- Internal Profile
- External Profile
- TCO Model
- Preliminary Business Case
- Vendor Selection Factors
- ITB/ITN/RFP Negotiation Plan (if ITN)
- Value Propositions
- Intent to Award (ITA)
- Communication Plan
- Implementation Plan
Step 1: Kick-Off & Explore Opportunities

Key Worksteps:
- Conduct High-Level Opportunity Analysis
- Engage Internal Team
- Create Workplan
- Develop Internal Profile
- Build TCO Model
- Create Preliminary Business Case
- Establish Mandatory Criteria
- Develop Solicitation
- Make Award Decision
- Implement Agreement
- Manage Agreement
- Execute Communication Plan

Typical Deliverables:
- Internal Profile
- External Profile
- TCO Model
- Preliminary Business Case
- Vendor Selection Factors
- ITB/ITN/RFP Negotiation Plan (if ITN)
- Value Propositions
- Intent to Award (ITA)
- Communication Plan
- Implementation Plan
Conduct High-Level Opportunity Analysis

Upon clearance from the Bureau Chief to address a given category, the Purchasing Lead conducts an initial assessment of the opportunity.

- How much do state agencies buy annually? $1 million
- Have eligible users previously requested a statewide agreement through a survey or a request for an alternate contract source or state purchasing agreement? Yes
- Has DMS looked at this category before? Yes
- Do other states have a statewide agreement for this category? Yes
- The team found an opportunity to create a statewide agreement
  - Lack of Aggregated Spend: Eligible users currently contract for water treatment chemicals via their own agreements and / or piggy-back off other entities’ contracts; there is not a statewide agreement in place for these types of chemicals
  - Large Economies of Scale: Common chemicals and geographic concentration provide pricing and logistical savings opportunities
  - Established Requirements: Most eligible users have existing agreements with detailed specifications and criteria that can be consolidated to the benefit of all users
Engage Internal Team

The internal team is engaged early in the process to research the category and answer key questions about the opportunity.

- The internal team consists of the Purchasing Lead, the Bureau Chief, and any team members assisting with the category review.
- The team works together to answer these questions:
  - What type of products / services are under consideration?
  - Who uses these items?
  - Where can purchase data be found?
  - How much is spent on these items? How much of this is agency spend?
  - When does the current state term contract or eligible user contracts expire?
- Depending on the type of data available, the Purchasing Lead may need to issue a survey to other eligible users in addition to pulling information on agency spend; this survey may help to identify potential candidates for the external team, selected in a subsequent step.
- Internal team members are assigned various tasks via the category workplan, which tracks activities, timing, owners, and deliverables.
**Create Workplan**

Workplan sections follow seven methodology steps:

1. **Primary Accountable Individual** owns the activity.
2. Timing is tracked via **Date Started** / **Date Completed**.
3. Activity Status is Not Started, In Progress, or Completed.
5. Deliverable associated with the activity is listed.

**Example: Water Treatment Chemicals**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Primary Accountable Individual</th>
<th>Date Started</th>
<th>Date Completed</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launch Team</td>
<td>Troy</td>
<td>3/7/2010</td>
<td>3/22/2010</td>
<td>Completed Stakeholder Map</td>
</tr>
<tr>
<td>Profile Internally &amp; Externally</td>
<td>Dave</td>
<td>3/7/2010</td>
<td>3/17/2010</td>
<td>Completed Site Visit Presentation</td>
</tr>
<tr>
<td>Analyze RFI responses from vendors</td>
<td>Troy</td>
<td>3/22/2010</td>
<td>3/22/2010</td>
<td>Completed</td>
</tr>
<tr>
<td>Implement Agreements</td>
<td>Troy</td>
<td>3/22/2010</td>
<td>3/22/2010</td>
<td>Completed</td>
</tr>
</tbody>
</table>

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Step 2: Profile Internally & Externally

Key Worksteps
- Kick-Off & Explore Opportunities
- Profile Internally & Externally
- Develop Strategy
- Screen Vendors & Selection Factors
- Conduct Auctions & Shape & Negotiate Value Propositions
- Implement Agreements

Typical Deliverables
- High-Level Opportunity Analysis
- Internal Profile
- External Profile
- TCO Model
- Preliminary Business Case
- Vendor Selection Factors
- ITB/ITN/RFP Communication Plan
- Value Propositions
- Intent to Award (ITA)
- Communication Plan
- Implementation Plan

Internal Profile
- Develop Internal Profile
- Build TCO Model
- Create Preliminary Business Case
- Establish Mandatory Criteria
- Develop Solicitation
- Conduct Solicitation
- Document Savings
- Manage Agreement

External Profile
- Develop External Profile
- Engage External Team
- Finalize Scope / Strategy
- Develop Evaluation Questions
- Conduct Competitive Event
- Prepare Value Proposition & Award
- Develop Value Proposition
- Make Award Decision
- Implement Agreement
- Execute Communication Plan
Sources of Profile Information

There are many sources from which to pull relevant category information for the internal and external profiles.

- Vendor Agreement Report (VAR)
- Quarterly sales reports
- Request for Information (RFI)
- Eligible user survey
- Association newsletters
- Vendor websites
- Gartner [http://www.gartner.com](http://www.gartner.com)
- Forrester Research [http://www.forrester.com](http://www.forrester.com)
- MFMP Analysis [https://myfloridamarketplace.com:9140/Buyer/Main](https://myfloridamarketplace.com:9140/Buyer/Main)
- Vendor Bid System (VBS) [http://vbs.dms.state.fl.us/vbs/search.criterias_form](http://vbs.dms.state.fl.us/vbs/search.criterias_form)
- Vendor Information Portal (VIP) [https://vendor.myfloridamarketplace.com/vms-web/spring/vrsadmin?execution=e3s1](https://vendor.myfloridamarketplace.com/vms-web/spring/vrsadmin?execution=e3s1)
Request for Information (RFI)

The water treatment chemicals team issued an RFI via SurveyMonkey and received 55 vendor responses that provided insight into this new category.

- **Company Information:** Name, Job Title, Email Address, Phone Number, Company Name, Company Website
- **Geographic Coverage:** Which counties in Florida does your company supply?
- **Product Details:** For the listed chemicals which you supply, please indicate Container Size(s), Common Concentration(s), Minimum Order Amount, Delivery Lead Time, Recommended Price Index, Comments.
- **Savings Opportunities:** What are the top opportunities for the state to save money and administrative effort when purchasing water treatment chemicals?
- **Contract Advice:** What advice would you provide if State Purchasing chooses to proceed with developing a new state term contract for water treatment chemicals?
- **Evaluation Criteria:** What criteria do you suggest State Purchasing use to evaluate and select water treatment chemical vendors?
- **Service Component:** What value-added services do you offer customers (e.g., vendor-managed inventories, tank rental, testing service)?
- **Potential Discounts:** Please describe any bulk quantity discounts or total contract sales volume discounts you provide customers.
Develop Internal Profile

Customer spend details from agency users and other eligible users help to identify current top customers and serve as input into the estimated annual statewide spend.

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Estimated Annual Spend</th>
<th>% TTL</th>
<th>Cumul. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Tampa</td>
<td>$27,000,000</td>
<td>34%</td>
<td>34%</td>
</tr>
<tr>
<td>City of West Palm Beach</td>
<td>$4,700,000</td>
<td>6%</td>
<td>39%</td>
</tr>
<tr>
<td>Lee County Utilities</td>
<td>$4,683,000</td>
<td>6%</td>
<td>45%</td>
</tr>
<tr>
<td>Collier County Public Utilities</td>
<td>$4,500,000</td>
<td>6%</td>
<td>51%</td>
</tr>
<tr>
<td>City of Fort Lauderdale</td>
<td>$4,000,000</td>
<td>5%</td>
<td>56%</td>
</tr>
<tr>
<td>All Other Entities</td>
<td>$35,695,335</td>
<td>44%</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>$80,578,335</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Eligible user survey

<table>
<thead>
<tr>
<th>Agency Name</th>
<th>Vendors FY08/09 Reported Sales</th>
<th>% TTL</th>
<th>Cumul. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Corrections</td>
<td>$395,549</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Department of Environmental Protection</td>
<td>$122,868</td>
<td>13%</td>
<td>53%</td>
</tr>
<tr>
<td>Department of Law Enforcement</td>
<td>$68,265</td>
<td>7%</td>
<td>60%</td>
</tr>
<tr>
<td>Department of Health</td>
<td>$61,876</td>
<td>6%</td>
<td>66%</td>
</tr>
<tr>
<td>Agency for Persons and Disabilities</td>
<td>$60,518</td>
<td>6%</td>
<td>72%</td>
</tr>
<tr>
<td>All Other State Agencies</td>
<td>$273,433</td>
<td>28%</td>
<td>100%</td>
</tr>
<tr>
<td>Total State Agencies</td>
<td>$982,509</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: FLAIR

<table>
<thead>
<tr>
<th>Segment</th>
<th>Estimated Annual Statewide Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cities / Counties</td>
<td>$240 million</td>
</tr>
<tr>
<td>State Agencies</td>
<td>$1 million</td>
</tr>
<tr>
<td>Total</td>
<td>$241 million</td>
</tr>
</tbody>
</table>
Additional pieces of key information for the internal profile are vendor spend details, current top vendors, vendors’ share of the category, levels of vendor fragmentation, a list of high spend items, and current contract terms.

### Vendors and Products

<table>
<thead>
<tr>
<th>Chemical</th>
<th>Annual Reported Spend via Data Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lime - Quicklime</td>
<td>$22,761,817</td>
</tr>
<tr>
<td>Sodium Hypochlorite</td>
<td>$9,039,650</td>
</tr>
<tr>
<td>Ferric Sulfate</td>
<td>$8,224,328</td>
</tr>
<tr>
<td>Aluminum Sulfate</td>
<td>$5,538,853</td>
</tr>
<tr>
<td>Chlorine</td>
<td>$5,238,636</td>
</tr>
<tr>
<td>Sulfuric Acid</td>
<td>$3,696,907</td>
</tr>
<tr>
<td>Sodium Hydroxide (Caustic Soda) - 50%</td>
<td>$3,274,122</td>
</tr>
<tr>
<td>Methanol, Liquid</td>
<td>$1,420,000</td>
</tr>
<tr>
<td>Calcium Hypochlorite</td>
<td>$1,380,012</td>
</tr>
<tr>
<td>Potassium Permanganate</td>
<td>$1,135,200</td>
</tr>
<tr>
<td>Lime - Hydrated Lime</td>
<td>$937,120</td>
</tr>
<tr>
<td>Oxygen, Liquid</td>
<td>$873,276</td>
</tr>
<tr>
<td>Soda Ash</td>
<td>$724,875</td>
</tr>
<tr>
<td>All Other Chemicals</td>
<td>$4,478,071</td>
</tr>
<tr>
<td>Total</td>
<td>$68,722,865</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Products</th>
<th>Annual Sales on Survey</th>
<th>% TTL</th>
<th>Cumul. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical Lime</td>
<td>Limestone, Quicklime, Hydrated Lime</td>
<td>$6,168,626</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>Carmeuse</td>
<td>Limestone, Quicklime, Hydrated Lime</td>
<td>$4,982,519</td>
<td>13%</td>
<td>29%</td>
</tr>
<tr>
<td>Allied Universal</td>
<td>Chlorine, Sodium Hypochlorite, Sulfur, Caustic Soda, Anhydrous Ammonia</td>
<td>$4,016,179</td>
<td>10%</td>
<td>39%</td>
</tr>
<tr>
<td>Odyssey Manufacturing</td>
<td>Chlorine, Sodium Hypochlorite</td>
<td>$3,760,877</td>
<td>10%</td>
<td>49%</td>
</tr>
<tr>
<td>Occidental</td>
<td>Chlorine, Chlorine Derivatives, Caustic Soda, Sodium Chlorite</td>
<td>$2,415,722</td>
<td>6%</td>
<td>56%</td>
</tr>
<tr>
<td>Kemira Water</td>
<td>Aluminum Chloride, Ferric Sulfate, Sodium Aluminate</td>
<td>$1,604,601</td>
<td>4%</td>
<td>60%</td>
</tr>
<tr>
<td>All Other Vendors</td>
<td></td>
<td>$15,506,230</td>
<td>40%</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$68,454,785</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Develop External Profile

The external profile pulls together industry trends, market size, and distribution channels to show how a more complete picture of the category beyond customers and vendors in Florida.

Manufacturers

3M
Acco
Pilot
HP
Globe-Weis
Stanley
Avery
Pentel
BIC
Others

Wholesalers

United Stationers
SP Richards

Traditional Supply Chain Resellers

Office Supply Stores
Mail Order Vendors
Small / Medium Dealers

Emerging Supply Chain Resellers

Mass Merchants
Warehouse Club Stores
Superstores (Office Depot, Staples, OfficeMax)
National Contract Stationers

Customers

Individuals
Small Offices (< 20 employees)

Large Offices (> 100 employees)
Develop External Profile

Producer Price Indices (PPI) show how pricing of category inputs has been increasing or decreasing, and vendor profiles provide a summary of top vendors at the local, regional, and national levels.

### PPI for Office supplies and accessories

![Graph showing PPI for Office supplies and accessories](image)

### PPI for Pulp, paper, and allied products

![Graph showing PPI for Pulp, paper, and allied products](image)

---

**Company**

Staples
Framingham, MA  www.staples.com

**Overview/Offerings**
The world’s largest office products company, Staples sells a wide range of office products, including supplies, technology, furniture, and business services.

**2008 Financials**
Revenue: $23.1 billion
Net Income: $805 million
1yr Sales Growth: 19%

**Employees**
57,000

**Customers**
Home office to Enterprise-Level Organizations

**Strengths/Weaknesses**
Staples has acquired approximately 95% interest in Corporate Express NV. For the quarter ending 30 Sept 2009, Staples’ revenues increased 8% over the previous quarter. Net income increased 58% to $33M.
Step 3: Develop Strategy

Key Worksteps
- Kick-Off & Explore Opportunities
  - Conduct High-Level Opportunity Analysis
  - Engage Internal Team
  - Create Workplan

Profile Internally & Externally
- Develop Internal Profile
- Build TCO Model
- Create Preliminary Business Case
- Engage External Team
- Develop External Profile
- Finalize Scope / Strategy

Develop Strategy
- Establish Mandatory Criteria
- Develop Solicitation
- Conduct Solicitation
- Conduct Competitive Event
- Develop Value Proposition & Award
- Prepare Value Proposition & Award
- Implement Agreements

Develop Vendor Selection Factors

Conduct
Auctions & Shape & Negotiate
Value Propositions

High-Level Opportunity Analysis
- Create Workplan

Typical Deliverables
- Preliminary Business Case
- Scope / Strategy
- Value Propositions
- Award Intent to Award (ITA)
- Communication Plan
- Implementation Plan

Typical Deliverables
- ITB/ITN/RFP Negotiation Plan (if ITN)
- Value Propositions
- Intent to Award (ITA)
- Communication Plan
- Implementation Plan

Save Sheet
With minimal inventory levels and transport provided by vendor, most of the Total Cost of Ownership (TCO) Model for water treatment chemicals is contained within the manufacturing, raw materials, and processing cost.

- **Usage / administrative cost** includes cost of maintaining specifications, inventory, purchase requisitions, order processing, accounting, inventory management.

- **Distribution, packaging, handling cost** includes cost of distribution from producer to vendor and from vendor to customer, including freight, fuel, tariffs, customs, and duty.

- **Manufacturing, raw materials, processing, margin cost** includes cost of producing the by-product, by-product grade specifications, manufacturers’ overhead and margins, and any R&D costs.

### Example: Water Treatment Chemicals

*Cost Element* | *Manufacturing, Raw Materials, Processing, Margin* | *Distribution, Packaging, Handling* | *Distributor Markup* | *Usage / Administrative* |
--- | --- | --- | --- | --- |
*Cost Levers Influenceable* | Yes | Yes | Yes | Yes |
Historical Volume Insights
- Statewide, there is an estimated $180 million in annual spend for water treatment chemicals
- Over 99% of the spend is by cities and counties
- Future spending levels are estimated to remain at the current level

Customer Information Insights
- The top four users make up nearly 40% of the $69 million in line-item spend detail, as well as 50% of the $81 million in estimated annual spend indicated on the other eligible user survey
- DOC, DEP, and FDLE make up approximately 60% of $1 million annual spend by agencies
- Eligible users mainly contract the direct purchase of chemicals and do not contract to a service company

Industry Information Insights
- The marketplace is highly competitive; U.S. Chemicals market is growing at the rate of 3.5% annually
- PPI have shown significant increases in recent years; however, prices have stabilized over the past six to nine months
- Approximately 75% of the total cost of ownership is tied to raw materials, manufacturing, and processing costs

Industry Vendor Information Insights
- The top four vendors named on the other eligible user survey represent about 50% of annual sales detailed by users
- The top three vendors in FLAIR account for approximately 75% of FY08/09 state agency spend
The collaborative involvement of major eligible users in the strategic sourcing process is critical to achieving the team’s objective.

<table>
<thead>
<tr>
<th>Role</th>
<th>Primary Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Team Member</td>
<td>• Provide historical spending and contract information</td>
</tr>
<tr>
<td></td>
<td>• Help develop sourcing strategy, applying deep insights and experience with procuring products and / or services deemed to be in scope</td>
</tr>
<tr>
<td></td>
<td>• Provide feedback to solicitation documents, including specifications and evaluation criteria / weightings</td>
</tr>
<tr>
<td></td>
<td>• Evaluate vendors’ responses (requires more intense participation)</td>
</tr>
<tr>
<td></td>
<td>• Serve on the negotiation team (requires more intense participation)</td>
</tr>
<tr>
<td></td>
<td>• Assist in developing value proposition / award recommendation</td>
</tr>
<tr>
<td></td>
<td>• Champion new agreement within segment (ongoing)</td>
</tr>
<tr>
<td>Subject Matter Advisor</td>
<td>• Provide industry insights based on experience</td>
</tr>
</tbody>
</table>
Finalize Scope / Strategy

When considering scope, agencies are encouraged to use existing state term contracts for items covered by another statewide agreement, but eligible users are permitted to purchase these items from the resulting contract.

<table>
<thead>
<tr>
<th>In Scope</th>
<th>Covered by another statewide agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Consumables</td>
<td>IT Hardware / Software</td>
</tr>
<tr>
<td>Educational Consumables</td>
<td>Printers</td>
</tr>
<tr>
<td>Art Consumables</td>
<td>Copiers</td>
</tr>
<tr>
<td>Paper (fewer than 10 cartons per order)</td>
<td>Bulk Paper (10 or more cartons per order)</td>
</tr>
<tr>
<td>Envelopes</td>
<td>Furniture</td>
</tr>
<tr>
<td>Toner (OEM and Remanufactured)</td>
<td>Safety Supplies</td>
</tr>
<tr>
<td>IT Peripherals</td>
<td>Cleaning Products</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>Lab Supplies</td>
</tr>
</tbody>
</table>
Finalize Scope / Strategy

A recommended sourcing strategy is developed and includes input / validation from external team members.

<table>
<thead>
<tr>
<th>Contract Award by Chemical</th>
<th>Advantages</th>
<th>Challenges</th>
</tr>
</thead>
</table>
| Single Award               | - Minimal administrative effort  
- More competitive pricing during solicitation | - Increased continuity of supply risk  
- Higher switching costs for eligible users if awarded vendor does not meet their needs |
| Multiple Award             | - Reduced continuity of supply risk  
- Lower switching costs for eligible users if a vendor does not meet their needs  
- Potentially higher adoption rate by eligible users due to increased options | - Greater administrative effort to manage vendor relationships  
- Potentially less competitive pricing during solicitation due to State’s spend being split across multiple vendors |
| Statewide Award            | - Minimal administrative effort  
- More competitive pricing during solicitation | - Potentially higher transportation cost  
- Less localized competition |
| Regional Award             | - Potentially lower transportation cost  
- More localized competition  
- Opportunity for smaller vendors to bid | - Greater administrative effort to manage vendor relationships  
- Potentially less competitive pricing during solicitation due to State’s spend being split across multiple regions |
Step 4: Develop Vendor Selection Factors

Key Worksteps
- Kick-Off & Explore Opportunities
  - Conduct High-Level Opportunity Analysis
  - Engage Internal Team
  - Create Workplan

Profile Internally & Externally
- Develop Internal Profile
- Build TCO Model
- Create Preliminary Business Case
- Engage External Team
- Finalize Scope / Strategy

Develop Strategy
- Develop Vendor Selection Factors
- Establish Mandatory Criteria
- Develop Solicitation
- Conduct Solicitation
- Conduct Competitive Event
- Prepare Value Proposition & Award
- Implement & Manage Agreements

Typical Deliverables
- High-Level Opportunity Analysis
- Workplan
- Internal Profile
- External Profile
- TCO Model
- Preliminary Business Case
- Scope / Strategy
- Vendor Selection Factors
- ITB/ITN/RFP Negotiation Plan (if ITN)
- Value Propositions
- Intent to Award (ITA)
- Communication Plan
- Implementation Plan
- Save Sheet
- Vendor Management Plan
The use of mandatory criteria can help screen out vendors that do not meet minimum thresholds.

**Mandatory Requirements - Qualification Questions**

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did the Respondent agree to</td>
<td></td>
</tr>
<tr>
<td>• Provide delivery to all locations within your awarded area within 2 business days for orders placed by 4:00 PM</td>
<td></td>
</tr>
<tr>
<td>• Agree to F.O.B. Destination Freight Prepaid terms</td>
<td></td>
</tr>
<tr>
<td>• Agree to not impose delivery charges for orders above $25.00 for the life of the contract, including extensions (excluding deliveries of Furniture)</td>
<td></td>
</tr>
<tr>
<td>• Agree to not impose a delivery charge greater than $40.00 for furniture delivery service. The furniture delivery service includes inside delivery, set-up, and removal of packing debris.</td>
<td></td>
</tr>
<tr>
<td>• Agree to deliver to Customer’s desktop, or alternate location as specified by the Customer, at no additional cost</td>
<td></td>
</tr>
<tr>
<td>Did the Respondent agree to provide full credit and no restocking fee to Customers on all returns that meet the following conditions:</td>
<td></td>
</tr>
<tr>
<td>• All merchandise is in original packaging and in sellable condition. Original packaging may not have Customer’s writing on them.</td>
<td></td>
</tr>
<tr>
<td>• Merchandise is returned within 30 days of delivery.</td>
<td></td>
</tr>
<tr>
<td>Did the Respondent agree to forgo charging a restocking fee to Customers if an item is returned due to damage, incorrect product shipped, or Contractor customer service order entry error?</td>
<td></td>
</tr>
<tr>
<td>Did the Respondent agree to cap restocking fees for all other reasons (other than those listed in question 3 and 4) to be no greater than 10% of the value of the items needing re-stocking.</td>
<td></td>
</tr>
<tr>
<td>Did the Respondent agree to provide a primary account management point of contact for each Customer (NOTE: point of contact individual may support multiple Customers)?</td>
<td></td>
</tr>
<tr>
<td>Did the Respondent agree to provide customer service representatives and technical resources by phone (toll-free), fax, and email to handle all orders and mitigate order-related technical issues from 8:00 AM to 5:00 PM Eastern Time, Monday through Friday, excluding State of Florida holidays as listed on <a href="http://dms.myflorida.com/human_resource_support/human_resource_management/for_job_applicants">http://dms.myflorida.com/human_resource_support/human_resource_management/for_job_applicants</a>?</td>
<td></td>
</tr>
<tr>
<td>Did the Respondent agree to not replace any ordered item with an alternate item without the prior consent of the ordering entity (e.g., no forced substitutions) and if the Customer agrees to use a higher-priced item to fill the order, the Customer will be billed at the lower price of the item that was out of stock, not the higher priced item?</td>
<td></td>
</tr>
<tr>
<td>Did the Respondent agree to provide a full line catalog with a minimum of 10,000 items that covers the scope of this contract in Section 1.2?</td>
<td></td>
</tr>
<tr>
<td>Did the Respondent agree within 30 days of contract award to provide a marketing plan for notifying Customers of the new contract, and to collaborate with the Department throughout the contract to expand use by Eligible Users of the contract?</td>
<td></td>
</tr>
<tr>
<td>Did the Respondent agree to provide a punch-out catalog and online ordering portal for State of Florida Customers as outlined in Sections 5.1 and 5.2?</td>
<td></td>
</tr>
</tbody>
</table>
Example: Office and Educational Consumables

Develop Evaluation Questions

Evaluation questions cover non-mandatory selection factors ranging from customer service and disaster recovery to online reporting and transition capabilities.
Step 5: Conduct Competitive Event

Key Worksteps
- Kick-Off & Explore Opportunities
- Profile Internally & Externally
- Develop Strategy
- Develop Vendor Selection Factors
- Conduct Competitive Event
- Prepare Value Proposition & Award
- Implement & Manage Agreements
- Conduct Industry Analysis
- Vendor Analysis
- Prepare Fact-Based Negotiation "Packages"
- High-Level Opportunity Analysis
- Engage Internal Team
- Create External Profile
- Develop Internal Profile
- Build TCO Model
- Create Preliminary Business Case
- Establish Mandatory Criteria
- Prepare Value Proposition & Award
- Execute Communication Plan
- Make Award Decision
- Implement Agreement
- Manage Agreement
- Internal Profile
- TCO Model
- Preliminary Business Case
- Scope / Strategy
- Vendor Selection Factors
- Conduct Solicitation
- Develop Solicitation
- Document Savings
- Create Workplan
- High-Level Opportunity Analysis
- Workplan
- External Profile
- Finalize Scope / Strategy
- ITB/ITN/RFP Negotiation Plan (if ITN)
- Value Propositions Intent to Award (ITA)

Typical Deliverables
- High-Level Opportunity Analysis
- Workplan
- Internal Profile
- External Profile
- TCO Model
- Preliminary Business Case
- Scope / Strategy
- Vendor Selection Factors
- ITB/ITN/RFP Negotiation Plan (if ITN)
Depending on the approved category strategy, the team develops and conducts one of the following three types of solicitations.

<table>
<thead>
<tr>
<th>Solicitation Type</th>
<th>Advantages</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invitation to Bid (ITB)</td>
<td>• Simpler bid process</td>
<td>• Emphasis on price, with no evaluation questions considering value-added services</td>
</tr>
<tr>
<td></td>
<td>• Faster results and savings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Potential to include mandatory requirements to address minimum service expectations</td>
<td></td>
</tr>
<tr>
<td>Request for Proposal (RFP)</td>
<td>• Evaluation questions to consider non-price component</td>
<td>• Extra time needed for evaluation teams to be identified and trained</td>
</tr>
<tr>
<td></td>
<td>• No extra time needed for vendor negotiations</td>
<td>• Longer time to contract award and implementation of savings</td>
</tr>
<tr>
<td>Invitation to Negotiate (ITN)</td>
<td>• Evaluation questions to consider non-price components</td>
<td>• Complex bid process</td>
</tr>
<tr>
<td></td>
<td>• Opportunity to pursue additional value and seek clarification through vendor negotiations</td>
<td>• Extra time needed for evaluation and negotiation teams to be identified and trained</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Longest time to contract award and implementation of savings</td>
</tr>
</tbody>
</table>
There is a separate MyFloridaMarketPlace Sourcing Event Tool Kit that was developed for State Purchasing which explains how to build events in detail.
Pricing Tool

The pricing response is a vital component of the overall sourcing process.

- Pricing can be collected directly through the MFMP Sourcing Tool.
- When using the Sourcing Tool to collect pricing, involve MFMP early in the process for optimally efficient creation of the pricing component.
- Pricing submitted in the MFMP Sourcing Tool is relayed to the Purchasing Lead in a single report which captures all vendors’ pricing in one location.
- When using Excel to collect pricing, the Purchasing Lead will receive one pricing response file per vendor.
- If Excel is used, the Purchasing Lead should lock all cells besides those requiring input from respondents so that none of the inputs are modified by respondents prior to submission.
- Peer reviews conducted by resources outside the immediate team should be completed prior to launch; this will help to ensure there are no obvious errors in content, formulas, or formatting within the pricing tool.
Negotiations

To supplement existing negotiation training and procedures, negotiation teams should consider using a fact-based negotiation template.

<table>
<thead>
<tr>
<th>Topic or Negotiation Point</th>
<th>Criteria / Focus Points</th>
<th>Maximum Supportable Solution (MSS)</th>
<th>Least Acceptable Solution (LAS)</th>
<th>Best Alternative to Negotiated Agreement (BATNA)</th>
<th>Relative Importance for Organization (H / M / L)</th>
<th>Relative Importance for Vendor (H / M / L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pricing / TCO</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment Terms</td>
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<td></td>
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<tr>
<td>Volume Discounts</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Customer Service</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>VMI / Consignment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery / Lead Times</td>
<td></td>
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<tr>
<td>Safety</td>
<td></td>
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<td></td>
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<tr>
<td>Specification Review</td>
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<tr>
<td>Diversity</td>
<td></td>
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<tr>
<td>Emergency Response</td>
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<tr>
<td>Quality</td>
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<tr>
<td>Risk Reward</td>
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<tr>
<td>Service Performance</td>
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<td></td>
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<tr>
<td>Warranty and Repair</td>
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</tr>
</tbody>
</table>

Negotiation team fills in fields based on prioritized criteria and the State’s MSS / LAS / BATNA for the category.
Step 6: Prepare Value Proposition & Award

Key Worksteps
- Kick-Off & Explore Opportunities
- Profile Internally & Externally
- Develop Strategy
- Develop Vendor Selection Factors
- Conduct Competitive Event
- Prepare Value Proposition & Award
- Implement & Manage Agreements

Typical Deliverables
- High-Level Opportunity Analysis
- Internal Profile
- TCO Model
- Vendor Selection Factors
- ITB/ITN/RFP Negotiation Plan (if ITN)
- Value Propositions
- Intent to Award (ITA)

Other deliverables include:
- External Profile
- Preliminary Business Case
- Finalize Scope / Strategy
- Establish Mandatory Criteria
- Create Preliminary Business Case
- Make Award Decision
- Document Savings
- Implementation Plan
- Communication Plan

Workplan
- Build TCO Model
- Engage External Team
- Conduct Solicitation
- Execute Communication Plan
- Implement Agreement
- Manage Agreement
- Create Workplan
- Develop External Profile
- Develop Evaluation Questions
- Finalize Scope / Strategy
- Develop Solicitation
- Value Propositions
- Negotiation Plan (if ITN)
- Intent to Award (ITA)

Typical deliverables may not include:
- High-Level Opportunity Analysis
- Internal Profile
- TCO Model
- Vendor Selection Factors
- ITB/ITN/RFP Negotiation Plan (if ITN)
- Value Propositions
- Intent to Award (ITA)

Other deliverables include:
- External Profile
- Preliminary Business Case
- Finalize Scope / Strategy
- Establish Mandatory Criteria
- Create Preliminary Business Case
- Make Award Decision
- Document Savings
- Implementation Plan
- Communication Plan

Workplan
- Build TCO Model
- Engage External Team
- Conduct Solicitation
- Execute Communication Plan
- Implement Agreement
- Manage Agreement
- Create Workplan
- Develop External Profile
- Develop Evaluation Questions
- Finalize Scope / Strategy
- Develop Solicitation
- Value Propositions
- Negotiation Plan (if ITN)
- Intent to Award (ITA)
Develop Value Proposition & Make Award Decision

Once responses have been received, scenario analysis should be conducted to determine the award recommendation offering best value to the State.

- Check that bids are responsive and responsible
- Analyze award options as specified in the solicitation
  - Compare the statewide vs. regional award price and service implications
  - Compare the single vs. multiple award value and risks
  - Determine product category / lot award strategy
- Based on best value to the State, submit an Award Recommendation to management for review and approval
- “Best value” means the highest overall value to the State based on objective factors that include, but are not limited to, price, quality, design, and workmanship, as defined in section 287.012(4), Florida Statutes
- Post the approved Intent to Award (ITA)
- Be prepared for a potential protest following the posting of the ITA
A Save Sheet needs to be completed in order to document and gain approval of the savings.

### BASELINE / SAVINGS DETAILS

<table>
<thead>
<tr>
<th>Repetitive Buy</th>
<th>Comments (if any):</th>
</tr>
</thead>
</table>

### PROJECTED BENEFITS CASH FLOWS

<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>Jan</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Feb</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Mar</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Apr</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>May</td>
<td>0</td>
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<tr>
<td></td>
<td>Jun</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Jul</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Aug</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Sep</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Oct</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Nov</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Dec</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

### METHODOLOGY DETAILS (Check All That Apply)

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Details Indicated on Page 2</th>
</tr>
</thead>
</table>

### Key Assumptions:

- Historical spend info is fragmented and incomplete
- Volumes are directionally correct estimates
- P-Card usage will not increase (leakage)
- Prices include packing, handling, freight, etc.
- After ramp-up, demand was assumed to be steady
- Ramp-up - Month 1: % of identified savings
- Ramp-up - Month 2: % of identified savings
- Ramp-up - Month 3: % of identified savings
- Ramp-up - Month 4: % of identified savings
- Payment terms: Net 30 Days
Step 7: Implement & Manage Agreements

Key Worksteps
- Kick-Off & Explore Opportunities
  - Conduct High-Level Opportunity Analysis
  - Engage Internal Team
  - Create Workplan

Profile Internally & Externally
- Develop Internal Profile
- Build TCO Model
- Create Preliminary Business Case
- Finalize Scope / Strategy

Develop Strategy
- Develop Vendor Selection Factors
- Establish Mandatory Criteria
- Develop Solicitation
- Conduct Solicitation
- ITB/ITN/RFP Negotiation Plan (if ITN)

Develop Vendor Selection Factors
- Vendor Selection Factors
- Value Propositions
- Intent to Award (ITA)

Conduct Competitive Event
- Conduct Auctions & Shape Value Propositions
- Make Award Decision
- Document Savings

Prepare Value Proposition & Award
- Implement & Manage Agreements
- Implement Agreement
- Manage Agreement
- Communication Plan
- Implementation Plan

Typical Deliverables
- High-Level Opportunity Analysis
- Workplan
- Internal Profile
- External Profile
- Preliminary Business Case
- Scope / Strategy

Practice Questions
- Intent to Award
- Communication Plan
- Implementation Plan
Execute Communication Plan

The communication plan outlines how eligible users will be notified of the new or updated agreement and how the agreement will be marketed.

<table>
<thead>
<tr>
<th>Audience</th>
<th>Frequency</th>
<th>Vehicle</th>
<th>Key Messages</th>
</tr>
</thead>
</table>
| County Sheriff Offices | Upon signing and posting of ACS on State Purchasing website | - Call / email core team members that are with Sheriff's Offices  
- Direct email from State Purchasing to all Sheriff's Offices contacts in team's distribution list (e.g., Procurement Manager’s or Food Service procurement specialists)  
- Ask FSA to include article in Newsletter / send email | Announce new ACS, how to access it on State Purchasing’s website, summarize pricing model*, and list who to contact with questions.  
List potential benefits of the Contract:  
- Higher visibility of contract by eligible users from listing ACS on DMS’ website and in DMS communications  
- Lower pricing for eligible users by being able to leverage Department of Corrections’ buying power  
- Reduced procurement costs for eligible users from no longer having to competitively procure this category themselves, which could be as much as 280 staff hours per eligible user  
- Reduced ordering and receiving costs for eligible users by leveraging U.S. Foodservice as one-stop source for food products, fresh produce, and food related supplies  
* Include that price model is % cost mark-up so users that get Federal funding for school lunches know that this contract may not work for them |
| State Agencies       | Upon signing and posting of ACS on State Purchasing website | - Send email to Purchasing Directors of DJJ, DVA, DCF, APD, DCA, DMA, FSDB, DOE, DEA  
- Include as topic at Purchasing Directors Meeting after contract is posted on State Purchasing website | Announce new ACS, how to access it on State Purchasing’s website, summarize pricing model*, and list who to contact with questions.  
List potential benefits of the Contract and explain that this is optional for State Agencies.  
* Include that price model is % cost mark-up so users that get Federal funding for school lunches know that this contract may not work for them |
| Other Eligible Users | Upon signing and posting of ACS on State Purchasing website | - Posting on DMS State Purchasing website  
- Include article in FAC, FLC, FAPP, and NIGP channels  
- Determine if contract would be applicable to Southern Association of Colleges and Schools members (e.g., universities, colleges, private schools), if so, use attached distribution list to send email | Announce new ACS, how to access it on State Purchasing’s website, summarize pricing model*, and list who to contact with questions.  
List potential benefits of the Contract  
* Include that price model is % cost mark-up so users that get Federal funding for school lunches know that this contract may not work for them |
Implement / Manage Agreement

In addition to the communication plan, several deliverables are needed upon award of the agreement, including a long-term plan for vendor management.

- Implementation Plan
  - Transition activities, owners, and timing to transfer eligible users to the new or updated agreement
- State Objectives Plan
- Notification Form
  - Agreement placed on State Purchasing website for OEU s and MFMP for agencies
  - Information on transaction fee reporting process
- Vendor Management Plan
  - Agreement management and administration
  - Vendor risk assessment
  - Vendor classification, engagement, and ongoing monitoring (e.g., quarterly sales reports, quarterly business reviews, compliance validation)
  - Price auditing / monitoring plan
FIU’s Transformation
## FIU’s Current State of Procurement Maturity

<table>
<thead>
<tr>
<th></th>
<th>Stage 1: Reacting</th>
<th>Stage 2: Anticipating</th>
<th>Stage 3: Collaborating</th>
<th>Stage 4: Orchestrating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Process</strong></td>
<td>Decentralized under $75,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Performance Management</strong></td>
<td>Basic Metrics, high cycle time</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Organization</strong></td>
<td>Basic job descriptions, low pay</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Training</strong></td>
<td>No One Certified</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>PeopleSoft, electronic POs</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
What does Purchasing Services want to accomplish?

Our Goal is to Provide:

- Training
  - PeopleSoft
  - Procurement 101
  - Contracts 101
- Quality Service
  - Cycle Time
  - Productivity
- Competitive Pricing
- Technology that Increase Efficiencies
- Strategic vs Transactional

Purchasing Services will focus on aggregating our spend by increasing the number of competitive solicitations and achieving our goals.
Transformation Initiatives

Sustainable Purchasing Capacity Improvements

- Process
- Performance
- Organization
- Training
- Technology

- Strategic Sourcing
  - Contract Templates
  - Back Office
  - PeopleSoft Manual
  - Rewrite
  - Procurement Manual
  - Hazardous
  - Chemicals/Lab Store
  - Services paid with Unencumbered Funds

- Dashboard
  - Reduce PO Cycle Time*
  - Reduce
  - Confirming POs
  - Contract Administration
  - Vendor Performance

- Redesign
  - New
  - Purchasing Coordinator
  - New Senior Purchasing Agent
  - Cross Training

- PeopleSoft
  - Procurement
  - Contracts
  - Certification
  - New employee on-boarding prior to PS access

- PeopleSoft 9.2 Upgrade
  - eProcurement, eSolicitations and eContracts
  - Vendor Portal
  - Queries
  - SharePoint site for contracts

Items in red are initiatives already started.
Purchasing Services Workload

Buyer Productivity & Cycle Time FY2014

Current YTD POs Dispatched is 776

Current YTD Cycle Time is 4.28 days

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>No. of POs</th>
<th>PO $ Volume</th>
<th>No. of Contracts</th>
<th>No. of One-Time Payment Contracts</th>
<th>No. of Solicitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>11,920</td>
<td>$212,302,686</td>
<td>631</td>
<td>1188</td>
<td>20</td>
</tr>
</tbody>
</table>

A 70% reduction in one-time payment contracts has occurred YTD
What Are The Typical Challenges and What Are The Critical Success Factors?
Typical Challenges

- Lack of alignment and enforcement of cross-business unit / organization Procurement goals and objectives

- Transformation is inconsistent with individual legacy organizational approaches and how value is determined

- Decentralized or fragmented Procurement organizations make standardization and consolidation extremely difficult

- Lack of alignment, consistency and enforcement of budgetary discipline across Global organizations

- Ineffective Change management approaches cross-business or regional boundaries
Achieving Desired Results

Core Procurement Projects

- Greater Efficiency
- Lower Cost
- Integrated Solutions
- Streamline Contracting Activities
- Better Interaction With Vendors
- Analytics & Reporting
- Clear Agency Wide Procurement Policies
- Better Organizational Structure

Office of the Controller
Exercise

✓ Assess your organization’s current procurement maturity level

✓ Define procurement transformation initiative for each of the core pillars that aligns with reaching the next maturity level

✓ Create a road map of the core pillars to reach stage 4 in the maturity level
## Exercise-Road Map to the Four-stages of Procurement Maturity

<table>
<thead>
<tr>
<th></th>
<th>Stage 1: Reacting</th>
<th>Stage 2: Anticipating</th>
<th>Stage 3: Collaborating</th>
<th>Stage 4: Orchestrating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Process</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Performance</strong></td>
<td></td>
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<td></td>
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<tr>
<td><strong>Management</strong></td>
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</tr>
<tr>
<td><strong>Organization</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Training</strong></td>
<td></td>
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Questions???