

# NASPO Annual Meeting

## *2010 George Cronin Awards for Procurement Excellence*

### **Spend Under Management “SUM”**

*Commissioner Brad Douglas, C.P.M.*

*State of Georgia*

*Department of Administrative Services*

**August 24, 2010**



# Agenda

- **Summary**
- **Innovation**
  - Spend Management Analytics
  - Team Georgia Marketplace™
  - Continuous Monitoring
- **Benefits**
- **Transferability**
- **Questions**

# Georgia's Need for Spend Under Management



- **Derivative of Georgia's Procurement Transformation in 2005**
  - Overhaul of procurement technology and implementation of best practices
  - Effort to streamline state purchasing and help Georgia reach “best-managed status”
- **Spend Under Management Initiative – latest chapter in the Transformation**
  - Implementation of Team Georgia Marketplace™, a flagship electronic procurement system
  - Development of first “refreshable spend cube,” statistical tool to analyze Georgia's purchasing patterns
  - Continuous monitoring of State procurement performance
- **Effort to bring comprehensive visibility to Georgia's spend – drive purchasing excellence statewide**

# “SUM” a Comprehensive Approach

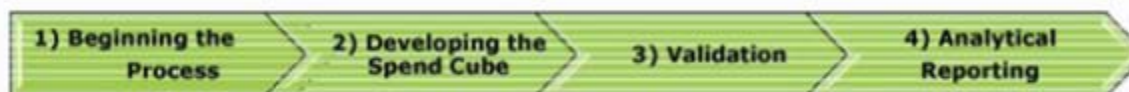


- **What is it?**
  - Electronic tools that collect spend data and buyer activities
  - Generate reports on enterprise purchasing patterns and practices
  - Comprehensive approach to efficiently managing spend
  
- **What does it do?**
  - Flexible precision to examine spend and procurement performance with multiple viewpoints
  - Robust technology system provides procurement efficiencies, detailed analysis and hard-to-compile reports

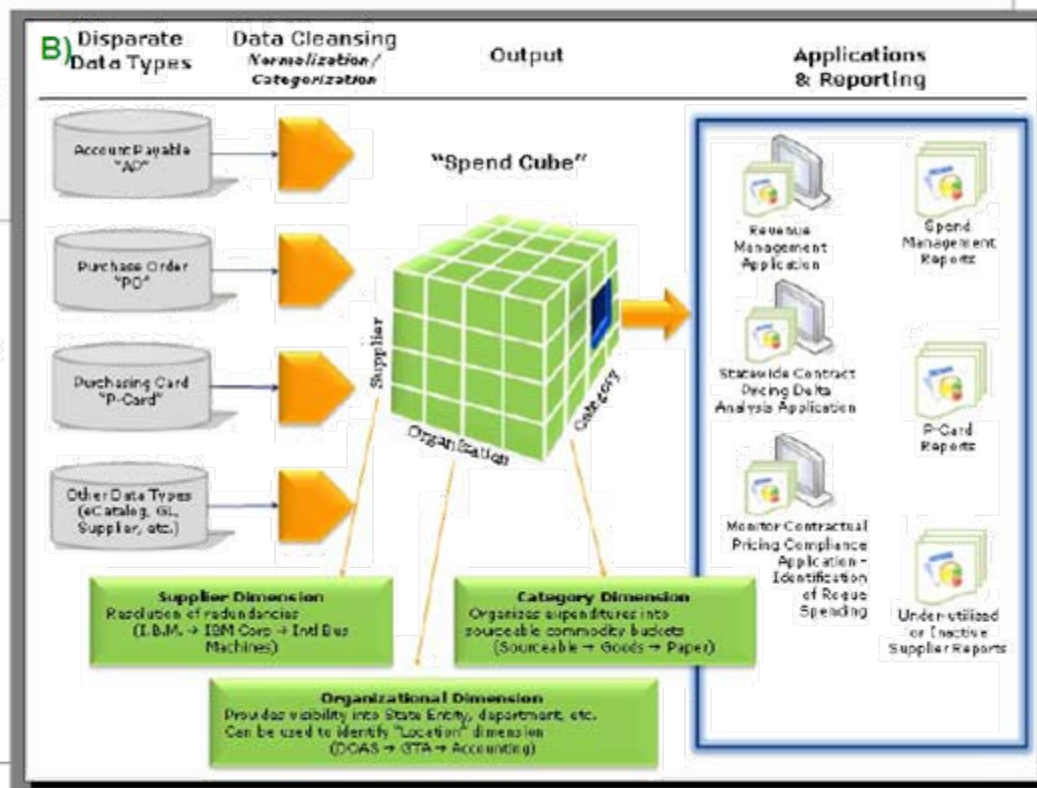
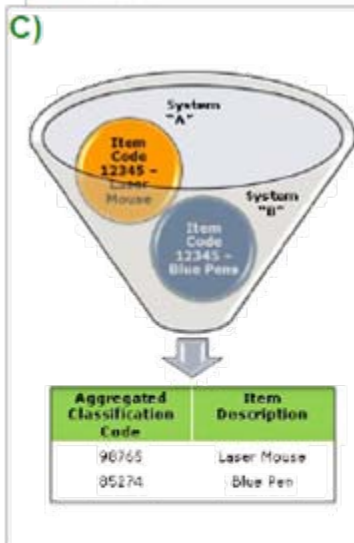


**Figure Descriptions:** A) Gives the overview of the processes needed in order to build a refreshable spend cube. B) Diagram details how the spend cube works. Specifically, the cube translates enterprise accounting data into State of Georgia procurement sourcing categories (Goods, Infrastructure, Information Technology, and Services) and other granular categories. The cube analyzes the data to produce comprehensive State spend reports. C) This diagram shows how data (e.g., supplier, business unit, agency, or program codes) is cleaned and normalized. In the funnel, there are two different items with the same item code. Through cleansing, each item is given a unique identifying code.

**A) 4-Steps to Building a Refreshable Spend Cube:**



- 1) Beginning the Process**
  - Introduction to Project Management
  - Identify key stakeholders and develop teams
  - Write project charter
  - Conduct interviews
  - Identify data sources
  - Identify data types
  - Determine timelines, refresh schedule, and data request template
  - Receive and validate data extracts
- 2) Developing the Spend Cube**
  - Bring disparate data together
  - Normalize and
  - Categorize data
- 3) Validation**
  - Run summary reports on extract
  - Validate data with IT and Finance
- 4) Analytical Reporting**
  - Develop and run reports to make informed business decisions that align with strategic objectives



# About Spend Management Analytics...

Georgia Department of Administrative Services

# Implementation of Spend Management Analytics Can Lead To



- **Smarter business decisions**
- **Increased spend visibility**
  - Identify opportunities for potential contracts
  - Lower the purchase price while increasing quality
  - Measure overall procurement performance
- **Increased contract compliance**
  - Ensuring Price Compliance
  - Monitoring “Maverick” Spend
  - Identifying Under-utilized Suppliers
  - Enhanced Marketing of Statewide or Agency Contracts
- **Directing More Spend to P-Cards**

# Team Georgia Marketplace™

## Core Functionality



- **Electronic requisitioning**
  - Provides easy self-service web-shopping system via online catalogs of products and services available on statewide contracts, streamlines employee ordering and lowers procurement **costs** by reducing transaction overhead and controlling maverick spending
  - **Benefits - provides simplified and reduced signature routing, reduced paper requisitions, automates receipts and returns, and simplifies creation of open item and history reports**
- **Strategic Sourcing**
  - Enables buyers to create buying events, permits suppliers to respond to procurement actions, allows purchasing agents to analyze supplier responses and make awards
  - **Benefits - less mailing and waiting time, reduced paperwork, easier bid comparisons, easier maintenance of bidder information and reduced paperwork files and time**
- **Supplier Self Service**
  - Two-way online communication with suppliers enabling self-service access to register and change their bidder information and access to outstanding POs and payment status
  - **Benefits - less paperwork, faster communications, less administrative time, and easily available information for suppliers**
- **Supplier Contract Management**
  - Standardizes contract processes, reduces time-to-contract, and drives contract compliance
  - **Benefits –electronic vs. paper contracts that are easily modified and can be monitored for activity, electronic version control, ties to creating of POs and makes finding contracts for specific items easier through enhanced search capabilities**



Measures and Metrics

3/31/2010



Vendors

Total

16,756

Electronic Notification Fees

ePro

Total Users

DOAS	DHS	GDC	Audits	DJJ	DeCD	DNR	GTA	GFC	DCH	Total
54	505	587	21	774	53	383	62	243	251	2933

Cycle time: Requisition to PO Dispatch

DOAS	DHS	GDC	Audits	DJJ	DeCD	DNR	GTA	GFC	DCH
5.2	11.3	3.8	4.6	4.7	6.7	2.8	6	2.1	5

Total Spend in the Marketplace - FY 2010

DOAS	DHS	GDC	Audits	DJJ	DeCD	DNR	GTA	GFC	DCH	Total
\$ 2,309,075.47	\$ 508,310,300.09	\$ 381,197,014.36	\$ 697,341.97	\$ 41,079,900.71	\$ 115,486,883.37	\$ 12,104,088.37	\$ 12,069,976.88	\$ 10,109,749.29	\$ 339,242,464.38	\$1,422,606,794.89

Total Agency Contract Spend in the Marketplace - FY 2010

DOAS	DHS	GDC	Audits	DJJ	DeCD	DNR	GTA	GFC	DCH	Total
\$ 617,389.48	\$ 487,462,707.49	\$ 98,755,401.81	\$ 66,873.00	\$ 2,223,956.94	\$ 5,400,417.36	\$ 13,216,984.48	\$ 11,895,153.58	\$ 420,037.53	\$ 293,983,886.48	\$914,042,808.15

Total SWC Spend in the Marketplace - FY 2010

DOAS	DHS	GDC	Audits	DJJ	DeCD	DNR	GTA	GFC	DCH	Total
\$ 85,013.76	\$ 2,215,559.89	\$ 18,412,900.45	\$ 135,548.56	\$ 5,135,742.40	\$ 7,582,246.54	\$ 4,019,392.14	\$ 18,260.50	\$ 1,093,777.29	\$ 24,332,579.76	\$63,031,021.29





Measures and Metrics

3/31/2010



P-Card

\$ Total P-Card spend vs \$PO spend

DOAS	DHS	GDC	Audits	DJJ	DeCD	DNR	GTA	GFC	DCH	Total
\$ 16,304.21	\$ 100,429.00	\$ 2,621,104.92	\$ 185,452.11	\$ 1,772,342.95	\$ 15,537.13	\$ 98,888.57	\$ 6,833.66	\$ 100,188.44	\$ 1,570.94	\$ 4,917,080.99
\$ 2,292,771.26	\$ 508,209,871.09	\$ 378,575,909.44	\$ 551,889.86	\$ 56,057,603.99	\$ 12,088,551.24	\$ 40,981,012.14	\$ 12,063,143.22	\$ 10,009,560.85	\$ 339,240,893.44	\$ 1,360,071,206.53

Sourcing

RFPs - FY 2010

SPD/SWC	DOAS	DHS	GDC	Audits	DJJ	DeCD	DNR	GTA	GFC
4	1	5	0	0	1	1	2	1	0

RFP Responses

SPD/SWC	DOAS	DHS	GDC	Audits	DJJ	DeCD	DNR	GTA	GFC
39	4	23	5	0	2	2	6	6	0
21	1	5	2	0	1	0	0	3	0

RFQs - FY 2010

SPD/SWC	DOAS	DHS	GDC	Audits	DJJ	DeCD	DNR	GTA	GFC
3	9	42	79	0	72	2	25	1	6

RFQ Responses

SPD/SWC	DOAS	DHS	GDC	Audits	DJJ	DeCD	DNR	GTA	GFC
21	13	173	185	0	255	5	72	3	0
7	3	25	77	0	120	4	17	1	0



Measures and Metrics

3/31/2010



**Contracts**

**Contracts created from events**

SPD	DOAS	DHS	GDC	Audits	DJJ	DeCD	DNR	GTA	GFC	DCH
16	7	11	11	0	11	1	1	0	1	0

**Ad Hoc contract documents created**

SPD	DOAS	DHS	GDC	Audits	DJJ	DeCD	DNR	GTA	GFC	DCH
137	0	1170	60	0	4	1	2	2	3	4

**Number of SWC in SciQuest compared to SWC in PeopleSoft**

SPD	
SWC - SQ	SWC PS
59	69

**Agency contracts in PeopleSoft (Agency Contract Index)**

	SPD/SWC	DOAS	DHS	GDC	Audits	DJJ	DeCD	DNR	GTA	GFC
Total Contracts -ACI	0	2	3	3	0	0	1	6	0	0
Total Contracts in PS	57	26	42	30	0	32	1	0	0	1

**Purchase Orders from Events**

POs created from events	SPD/SWC	DOAS	DHS	GDC	DJJ	DeCD	DNR	GTA	GFC
	1	5	21	117	0	71	1	14	1
									1

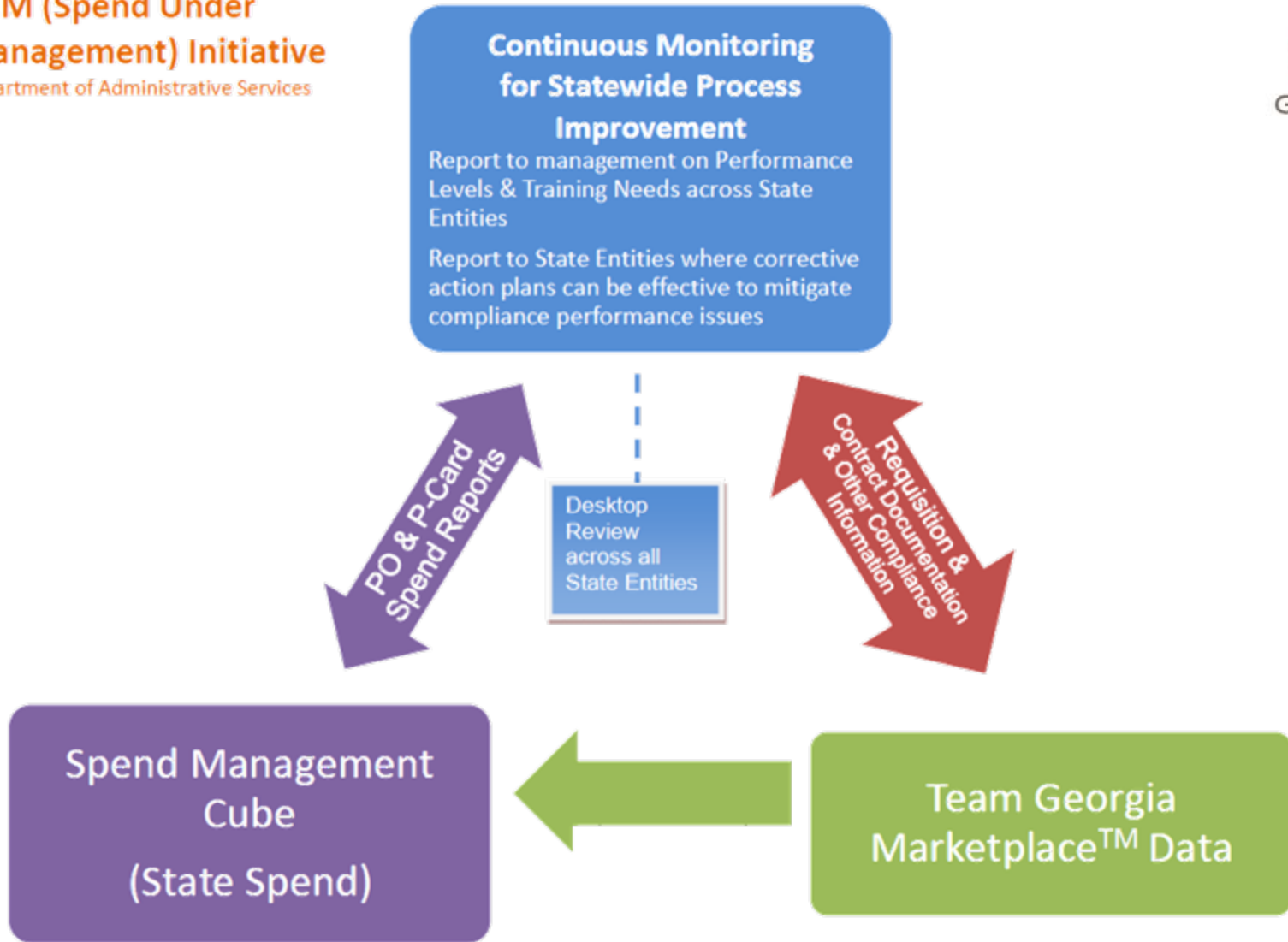
Total number of Window Shoppers - FY 2010 **1264**

Total number Window Shopper Sessions **253**



# SUM (Spend Under Management) Initiative

Department of Administrative Services





# Why Continuous Monitoring?

## Benefits

Leverage technology where possible to utilize data analytics



Continually look for indicators of procurement risks and performance deficiencies



Reduce travel costs and increase audit productivity

Increase the number of entities audited per fiscal year



Report finding deficiencies immediately to correct behavior



Achieve higher levels of compliance statewide when organizations realize frequent oversight is in place

# “SUM” Benefits



- Provides the electronic sourcing tools and workflow required to streamline the State’s procurement processes.
- Promotes a more open government marketplace by providing the state procurement professionals, state suppliers, and end users an array of online self-service and collaboration tools.
- Centralizes and automate the capturing and collection of core procurement information to better leverage state spend.
- Provides electronic tools and processes to support the State’s continuous monitoring to improve procurement performance.
- Creates the structure to centrally manage state-wide procurement contracts and associated documentation from contract creation through termination.

# Transferability



- **The Spend Management Analytics (SMA) Website is Available at [www.spendanalytix.com](http://www.spendanalytix.com) which includes:**
  - Spend manual
  - White papers
  - Project fact sheet
  - Presentations
  - Press Release
- **SPD is working with Pew Center on the States and Microsoft to market the SMA project nationwide**
- **Information on Team Georgia Marketplace™ and Continuous Monitoring can be found at:**  
**<http://doas.ga.gov/StateLocal/SPD/Pages/Home.aspx>**

# Questions?



# Georgia